

**ARTICLES OF ASSOCIATION  
OF  
XINTE ENERGY CO., LTD.**

June 2016

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# ARTICLES OF ASSOCIATION OF XINTE ENERGY CO., LTD.

## CHAPTER 1 GENERAL

**Article 1** These Articles of Association are formulated in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the "Special Regulations"), the Mandatory Provisions for Articles of Association of Companies Listing Overseas (the "Mandatory Provisions"), the Listing Rules of Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") and other relevant laws and regulations in order to protect the legal interest of Xinte Energy Co., Ltd. (the "Company"), the Shareholders and creditors and standardize the organization and activities of the Company.

**Article 2** The Company was incorporated as a joint stock limited company by means of sponsorship according to the Company Law and other laws and regulations.

**Article 3** The Company was registered with and has received the business license from the Administration for Industry and Commerce of Xinjiang Uygur Autonomous Region. The business license number is 6500 0003 9000 712.

**Article 4** Registered name of the Company: Xinte Energy Co., Ltd.  
Full name in Chinese: 新特能源股份有限公司  
Abbreviation in Chinese: 新特能源  
Full name in English: Xinte Energy Co., Ltd.  
Abbreviation in English: Xinte Energy

**Article 5** The address of the Company: No.2499, Mianguangdong Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), High-tech Industrial Development Zone (New Downtown), Urumqi  
Postal Code: 831400

**Article 6** The Company is a joint stock limited company with permanent existence.

**Article 7** The Company's legal representative is the chairman of the board of directors of the Company.

**Article 8** All of the Company's assets are divided into equal shares. A shareholder shall be liable for the debts of the Company to the extent of the shares it has subscribed to, whereas the Company shall be liable for its debts with all of its assets.

**Article 9** The Company may invest in other companies with limited liability and joint stock limited companies, to which the Company shall be liable for the company it invested to the extent of the amount of capital contribution it has made.

**Article 10** These Articles of Association shall become effective as of the date on which the Overseas-listed Foreign-invested Shares (“H share”) are listed on the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”); the original Articles of Association of the Company shall be invalidated automatically on the effective date of these Articles of Association.

From the date on which these Articles of Association come into effect, they shall constitute a legally binding document regulating the Company’s organization and activities, and the rights and obligations as between the Company and its shareholders and among the shareholders. These Articles of Association are binding on the Company, shareholders, directors, supervisors and senior management personnel. A shareholder may take legal action against the Company, other shareholders or directors, supervisors, general manager and other senior management personnel of the Company and the Company may take legal action against shareholders, directors, supervisors, general manager and other senior management personnel pursuant to these Articles of Association.

**Article 11** For the purpose of these Articles of Association, “other senior management personnel” refers to the deputy general manager, chief accountant, chief machinist, safety director, secretary to the Board and other persons approved at the Board meeting of the Company.

## **CHAPTER 2 THE COMPANY’S OBJECTIVES AND SCOPE OF BUSINESS**

**Article 12** The operation objectives of the Company are: to adopt advanced and applicable polycrystalline silicon production technology, PV, wind power system integration technology; optimize the combination of capital, technology, management and marketing resource; improve our market competitiveness; and generate satisfactory economic and social benefits for our investors.

**Article 13** The Company’s scope of business includes: (other than projects which are subject to special approval under the laws and administrative regulations of the country) production and sales of silicon and relevant highly purified materials and relevant technology R&D; research, design, system integration, installation and maintenance, consulting service on new energy construction environmental protection technology and relevant engineering projects; manufacture, installment and technology consulting service and operating management on solar silicon wafers, solar cells, solar cell modules, controllers, inverters, solar battery cells, junction boxes, building components, brackets, accessories and environmental devices related to solar system and relevant products application; engineering design, production, installment and maintenance, sales and after-sales service related to solar PV off-grid, on-grid and solar-wind hybrid, solar-thermal hybrid, PV water-electricity hybrid system and other system complementary to PV electricity generation; general construction contracting, commissioning and operation for thermal power, hydraulic and hydro-power engineering, electrical power engineering; labor dispatching; import and export business for goods and technologies; production and sales of chemicals by-products related to polysilicon production; houses tenancy; internal training; sales of machinery and electrical equipment, wires and cables, steels, steel pipes, valves, building materials.

# CHAPTER 3 SHARES

## Section 1 Issue of Shares

**Article 14** Shares of the Company are in the form of share certificates.

There must, at all times, be ordinary shares in the Company. Subject to the approval of authorities authorized by the State Council, the Company may, according to its requirements, create other classes of shares. If the Company creates other classes of shares, it shall specify the order of rights entitled to these different classes of shares in any distribution by dividend or other forms. If the share capital of the Company comprises shares without right to vote, names of these shares shall be added with the words “without right to vote”. If the share capital comprises shares attached with different rights to vote, names of each kind of shares (other than shares attached with the most preferential right to vote) shall be added with the words “with restricted right to vote” or “with limited right to vote”.

**Article 15** The issue of shares by the Company shall adhere to the principle of equality and fairness. Shares of the same class shall have the same rights.

Shares issued at the same time in the same class shall be equal in price and shall be subject to the same conditions. The price paid by any organization or individual for each share shall be the same. Any direct or indirect shareholder who has not disclosed its interest in the Company shall not exercise any power to freeze or by other means to damage any right attached to the shares.

**Article 16** Share certificates issued by the Company are denominated in RMB, and the nominal value for each share is RMB1.

**Article 17** Subject to the approval of the securities regulatory authorities of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors.

Foreign Investors referred to in the preceding paragraph mean those investors who have subscribed for the Company’s shares and are residents in Hong Kong, Macau, Taiwan or other foreign countries. Domestic Investors mean those investors who have subscribed for the Company’s shares and are residents in the People’s Republic of China (“China”, in terms of these Articles of Association, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan).

**Article 18** Shares which the Company issues to Domestic Investors and other qualified investors for subscription in RMB are called Domestic Shares. Shares which the Company issues to Foreign Investors and other qualified investors for subscription in foreign currencies are called Foreign Shares. Foreign Shares which are listed overseas are called “Overseas-listed Foreign-invested Shares”.

**Article 19** When established, the sponsors, shares amount, contribution means, contribution date and capital structure are as follows:

No.	Name of Shareholders	Number of Shares Subscribed ('0000)	Contribution Means	Contribution Date	Percentage of Shareholding (%)
1	TBEA Co., Ltd.	48,001.68	Capitalization of net assets	29 February 2012	84.51%
2	Xinjiang Tebian (Group) Co., Ltd.	5,753.84	Capitalization of net assets		10.13%
3	Xinjiang Honglian Venture Capital Co., Ltd.	2,561.68	Capitalization of net assets		4.51%
4	Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.	289.68	Capitalization of net assets		0.51%
5	Liu Bingcheng	193.12	Capitalization of net assets		0.34%
	<b>Total</b>	<b>56,800</b>			<b>100%</b>

**Article 20** China Securities Regulatory Commission approves that the first public issue of Overseas-Listed Foreign-Invested Shares by the Company to foreign investors is 167,276,800 shares, of which, 146,198,830 Overseas-Listed Foreign-Invested Shares are transformed from unlisted foreign shares.

Total share capital of the Company is 1,045,005,162 Shares and the capital structure is as follows:

No	Name	Number of Shares	Proportion of shares	Categories
1	TBEA Co., Ltd.	628,926,449	60.18%	Domestic Shares
2	Xinjiang Tebian (Group) Co., Ltd.	57,826,308	5.53%	Domestic Shares
3	Xinjiang Honglian Venture Capital Co., Ltd.	25,616,800	2.45%	Domestic Shares
4	Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.	2,896,800	0.28%	Domestic Shares
5	Liu Bingcheng	1,194,732	0.11%	Domestic Shares
6	Jia Boyun	448,560	0.04%	Domestic Shares
7	GF Energy Investment Limited	29,239,766	2.80%	H Shares transformed from unlisted foreign shares
8	L.R. Capital China Growth I Company Limited	73,099,415	7.00%	H Shares transformed from unlisted foreign shares
9	China International Capital Limited	43,859,649	4.20%	H Shares transformed from unlisted foreign shares
10	Jinglong Technology Holdings Limited	14,619,883	1.40%	Domestic Shares
11	H Shares issued under Global Offering	167,276,800	16.01%	H Shares issued under Global Offering
	<b>Total</b>	<b>1,045,005,162</b>	<b>100%</b>	

**Article 21** The Company's board of directors may arrange for a separate issuance of the Domestic Shares and Overseas-listed Foreign-invested Shares after the proposals for the same have been approved by the securities regulatory authorities of the State Council.

The Company may implement its proposals to issue Domestic Shares and Overseas-listed Foreign-invested Shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities regulatory authorities of the State Council.

**Article 22** Where the Company separately issues Overseas-listed Foreign-invested Shares and Domestic Shares, and the total number of shares to be issued is within the sum of shares stipulated in the issuance proposals, the shares shall be fully allotted in one issuance respectively. If this is not possible due to special circumstances, the shares may, subject to the approval of the securities regulatory authorities of the State Council, be issued on separate occasions.

**Article 23** The Company or the subsidiaries of the Company (including affiliated enterprises of the Company) shall not support persons who purchase or intend to purchase the Company's shares by donation, advance, guarantee, compensation, lending or other means.



## **Section 2 Increase, Reduction and Repurchase of Shares**

**Article 24** The Company may, based on its operating and development needs and in accordance with laws and regulations, increase its registered capital in the following ways, subject to resolutions adopted respectively by the general meeting:

- (I) issuing shares publicly;
- (II) issuing shares non-publicly;
- (III) placing new shares to existing shareholders;
- (IV) allotting bonus shares to existing shareholders;
- (V) conversion of capital reserve into share capital;
- (VI) by other methods which are permitted by laws, administrative regulations and securities regulatory authority under the State Council.

**Article 25** The Company may reduce its registered capital. In doing so, it shall act according to the Company Law, other relevant regulations and these Articles of Association.

**Article 26** The Company may, according to the provisions of the relevant laws, administrative regulations, departmental rules and the Articles of Association, purchase its shares under the following circumstances:

- (I) to reduce registered capital of the Company;
- (II) to merge with other companies that hold shares in the Company;
- (III) to grant shares to employees of the Company as incentives;
- (IV) to purchase the Company's share upon the request of its shareholders who vote against the resolution proposed in the shareholders' general meeting on the merger or division of the Company;
- (V) other circumstances as permitted by laws, regulations and other relevant competent authorities.

The Company shall not engage in the trading of its shares save for the circumstances specified above.

**Article 27** If the Company purchases its shares due to reasons provided in Articles 26(I) to (III) of these Articles of Association, such repurchase shall be subject to resolutions adopted by the shareholders' general meeting. Where shares of the Company are purchased in accordance with Article 26(I), they shall be deregistered within 10 days from the date of purchase; where shares of the Company are repurchased in accordance with Articles 26(II) or (IV), they shall be transferred or deregistered within six months from the date of purchase.



Shares purchased in accordance with Article 26(III) shall not exceed 5% of the total issued shares of the Company; funds for the purchase shall be made out of the after-tax profit of the Company; the purchased shares shall be transferred to employees of the Company within one year.

**Article 28** The Company with the approval of the relevant competent authority may repurchase shares in one of the following ways:

- (I) making an offer for the repurchase of shares in equal proportions to all its shareholders;
- (II) repurchasing shares by means of public trading on the stock exchange;
- (III) repurchasing shares by means of agreements outside the stock exchange;
- (IV) by any other means which is permitted by competent authorities.

**Article 29** Unless the Company is in liquidation, it must comply with the following provisions in relation to repurchase of its outstanding shares:

- (I) where the Company repurchases shares at nominal value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for that purpose;
- (II) where the Company repurchases its shares of the Company at a premium, payment up to the nominal value may be made out of the book balance of the distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose. Payment of the premium shall be effected as follows:
  - (1) if the shares being repurchased were issued at nominal value, payment shall be made out of the book balance of the distributable profits of the Company;
  - (2) if the shares being repurchased were issued at a premium, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose, provided that the amount paid out of the proceeds from issue of new shares shall not exceed the total premium received by the Company on the issue of the repurchased shares nor shall it exceed the book value of the Company's premium account (or capital accumulation reserve fund account) (including any premium on the newly issued shares) at the time of the repurchase;
- (III) the Company shall make any payment for the following purposes out of the Company's distributable profits:
  - (1) acquisition of the right to repurchase its own shares;
  - (2) variation of any contract for the repurchase of its shares;
  - (3) release of the Company's obligation(s) under any contract for the repurchase of shares;

(IV) after the Company's registered capital has been reduced by the aggregate nominal value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the nominal value of shares which have been repurchased shall be recorded in the Company's premium account (or capital accumulation reserve fund account).

Where the Company has the right to repurchase redeemable shares:

- (1) repurchases not made on-market or by tender shall be limited to a maximum price; and
- (2) if repurchases are made by tender, tenders shall be made to all shareholders alike.

### **Section 3 Transfer of Shares**

**Article 30** Unless otherwise stipulated in the relevant laws, regulations or Hong Kong Stock Exchange, shares which have been fully paid-up shall be free of any restriction of transfer rights. Shares in the Company shall be freely transferable and are not subject to any lien.

All Overseas-listed Foreign-invested Shares listed in Hong Kong Stock Exchange which have been fully paid-up may be freely transferred in accordance with these Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any document of transfer and would not need to provide any reason therefor:

- (I) payment of a fee according to the expense standard in, and not exceed the price ceiling stipulated by the Hong Kong Listing Rules from time to time shall be made to the Company for the purpose of registering the instrument of transfer and other documents that relate to, or may affect, the title to the shares;
- (II) the document of transfer only relates to Overseas-listed Foreign-invested Shares listed in Hong Kong Stock Exchange;
- (III) the stamp duty on the instrument of transfer payable according to laws in Hong Kong has been paid;
- (IV) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (V) when shares are proposed to transferred to joint holders, such jointly registered shareholders shall not be more than four people;
- (VI) the Company does not have any lien on the relevant shares.

If the board of directors refuses to register the transfer of shares, a notice of the refusal of registration of such transfer of shares shall be issued to the transferor and the transferee within two months upon the duly submission of transfer application.

The transfer of the Overseas-listed Foreign-invested Shares listed in Hong Kong shall be effected by written instruments of transfer in an normal or ordinary form or any other form accepted by the board of directors (including standard transfer form or form of transfer specified by Hong Kong Stock Exchange from time to time); the transfer document may be signed by hand only or under seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house (hereinafter “Recognized Clearing House”) or its attorney as defined by relevant rules applicable from time to time in accordance with the law of Hong Kong, the transfer form may be signed by hand or printed by machine.

All instruments of transfer shall be kept at the legal address of the Company or the address appointed by the board of directors from time to time.

**Article 31** The Company does not accept the pledging of its share certificates.

**Article 32** Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. Shares issued prior to the public offering of the Company shall not be transferred within one year from the date the shares of the Company being listed on the stock exchange(s).

Directors, supervisors and the senior management of the Company shall report to the Company their shareholdings and changes therein and shall not transfer more than 25% of the total number of shares held by them in each year during their terms of office. The shares held by them shall not be transferred within one year from the date the shares of the Company being listed and traded on the stock exchange(s). The aforesaid person(s) shall not transfer the shares of the Company held by them within six months from the termination of their service. If the transfer restrictions in this paragraph involve H shares, the said transfer shall be subject to provisions of Hong Kong Listing Rules.

**Article 33** Any gains from sale of shares in the Company by any directors, supervisors, senior management or shareholders holding 5% or more of the shares in the Company within six months after their purchase of the same, and any gains from purchase of shares in the Company by any of the aforesaid parties within six months after sale of the same shall belong to the Company. The Board of the Company shall forfeit such gains from the above mentioned parties. If the transfer restrictions in this paragraph involve H shares, the said transfer shall be subject to provisions of Hong Kong Listing Rules. However, if a securities company holds 5% or more of the shares by buying the remaining shares pursuant to an underwriting arrangement, the six month limitation for selling shall not apply.

If the Board does not act in accordance with the provisions of the above paragraph, shareholders shall be entitled to request the Board to effect the same within 30 days. If the Board fails to do so, the shareholders are entitled to take legal action at a people’s court in their own names for the interests of the Company.

Where the Board of the Company does not act in accordance with the provisions of the first paragraph, the responsible directors shall assume joint liability in accordance with the law.

## **Section 4 Financial Assistance for the Acquisition of Shares in the Company**

**Article 34** The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who acquires or intends to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly assumes any obligations due to the acquisition of shares of the Company.

The Company and its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by that person.

This provision does not apply to the circumstances stated in Article 36 of these Articles of Association.

**Article 35** The financial assistance referred to in this Section includes, but not limited to the following means:

- (I) gift;
- (II) guarantee (including the assumption of liability or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default), release or waive of any rights;
- (III) provision of loan or entering into contract under which the obligations of the Company are to be fulfilled before the obligations of other parties, or change in the parties to, or the assignment of rights arising under such loan or agreement;
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The expression assuming an obligation referred to in this Section includes the assuming of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether assumes on its own account or with any other persons), or by any other means.

**Article 36** The following shall not be deemed to be behaviors as prohibited in Article 34:

- (I) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (II) the lawful distribution of the Company's assets by way of dividend;
- (III) the allotment of bonus shares as dividends;

- (IV) a reduction in registered capital, repurchase of shares or reorganization of the share capital structure of the Company effected in accordance with these Articles of Association;
- (V) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company);
- (VI) the provision of money by the Company for contributions to employee share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

## **Section 5 Share Certificates and Register of Shareholders**

**Article 37** The shares of the Company shall be in registered form. The particulars to be set out in the share certificates of the Company shall, in addition to those required by the Company Law, include other particulars which are required to be included by the stock exchanges where the shares of the Company are listed.

As long as the H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure all title documents, including H shares, of all securities listing on the Hong Kong Stock Exchange contain the below declarations. The Company shall also instruct and procure its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such particular holder delivers to such share registrar a signed form for such shares containing the declarations below:

The subscriber of shares agrees with the Company and its shareholders, and the Company agrees with each shareholder, to observe and comply with the requirements of the Company Law, the Special Regulations, Hong Kong Listing Rules and other applicable laws, administrative regulations and the Articles of Association.

The subscriber of shares agrees with the Company and its shareholders, directors, supervisors and senior management, and the Company (for itself and on behalf of its directors, supervisors and senior management) agrees with its shareholders to refer all disputes and claims arising from the Articles of Association or any right or obligation conferred or imposed by the Company Law or other relevant laws, administrative regulations and Hong Kong Listing Rules concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.

The subscriber of shares agrees with the Company and its shareholders that the Company's shares are freely transferable by the holder thereof.

The subscriber of shares authorizes the Company to enter into a contract on his behalf with each director and senior management whereby such director and senior management undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

**Article 38** The share certificates shall be signed by the Chairman. Where the stock exchange where the Company's shares are listed requires the share certificates to be signed by other senior management, the share certificates shall also be signed by such senior management. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The signatures of the Chairman or other relevant senior management of the Company on the share certificates may also be in printed form.

Where power is granted to issue warrants to bearer, no new warrant shall be issued to replace the one that has been lost, unless the Company is satisfied without reasonable doubt that the original has been destroyed.

**Article 39** The Company shall keep a register of shareholders, which shall contain the following particulars:

- (I) the name, address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid or payable in respect of shares held by each shareholder;
- (IV) the serial numbers of the shares held by each shareholder;
- (V) the date on which a person registers as a shareholder;
- (VI) the date on which a person ceases to be a shareholder.

**Article 40** The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company, except in cases with contrary evidence.

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in to the register of shareholders. A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and numbers of shares he/she holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Providing that the laws of the registration place and listing place are fully complied with, when two (2) or more persons are registered as joint holders of any shares, they shall be deemed to be joint owners of such shares and subject to constraints of the following terms:

- (I) the Company should not register more than four persons as joint holders for any share;
- (II) all the joint holders of any shares shall jointly assume the liability to pay for all amounts payable for the relevant shares;
- (III) if one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. But the Board shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of such shareholder where it deems appropriate to do so;



(IV) in case of any joint holders of shares, only the joint holder whose name appears first in the register of members is entitled to receive the share certificates of the relevant shares or the Company's notices, and to attend a shareholders' general meeting of the Company and exercise all voting rights of such shares thereat. Any notice served to that person shall be taken as having been served to all joint holders of the relevant shares.

**Article 41** The Company may, in accordance with mutual understanding and agreements made between the securities competent authority under the State Council and overseas securities regulatory authority, maintain the register of shareholders of Overseas-listed Foreign-invested Shares at overseas territory and entrust overseas agent(s) for management. The original register of shareholders of H shares shall be maintained in Hong Kong. The Company shall maintain a duplicate of the register of shareholders of Overseas-listed Foreign-invested Shares at the Company's domicile; the overseas agent(s) entrusted shall ensure the consistency between the original and the duplicate of the register of shareholders of Overseas-listed Foreign-invested Shares at all times.

If there is any inconsistency between the original and the duplicate of the register of shareholders of Overseas-listed Foreign-invested Shares, the original version shall prevail.

**Article 42** The Company shall keep a complete register of members. The register of members shall include the following:

- (I) the register of members maintained at the Company's domicile other than those parts as described in Item (II) and (III) of this Article;
- (II) the register of members in respect of Overseas-listed Foreign-invested Shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (III) the register of members maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

**Article 43** Different parts of the register of members shall not overlap with one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of members.

Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.

**Article 44** Transfers may not be entered in the register of shareholders within thirty days prior to the date of a general meeting or within five days prior to the record date set by the Company for the purpose of distribution of dividends.

**Article 45** When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve the determination of shareholdings, the Board shall decide on the date for the determination of shareholdings. Shareholders whose names appear on the register of members at the end of such date are deemed to be shareholders of the Company.



**Article 46** Any person who objects to the register of members and requests to have his/her name entered into or removed from the register of members may apply to a competent court for rectification of the register.

**Article 47** Any shareholder who is registered in, or any person who requests to have his/her name entered in, the register of members may, if his/her share certificate (the “original certificate”) is lost, apply to the Company for a replacement of new share certificate in respect of such shares (the “relevant shares”).

If a shareholder of Domestic Shares loses his/her share certificate and applies to the Company for a replacement, such application shall be dealt with in accordance with the relevant provisions of the Company Law. If a shareholder of Overseas-listed Foreign-invested Shares loses his/her share certificate and applies to the Company for a replacement, such application may be dealt with in accordance with the laws, rules of the stock exchange or other relevant provisions of the place where the original register of members for Overseas-listed Foreign-invested Shares is maintained. The issue of replacement share certificates to holders of Overseas-listed Foreign-invested Shares of a company to be listed in Hong Kong who have lost their share certificates and applied for replacement shall comply with the following requirements:

- (I) The applicant shall submit an application to the Company in the prescribed standardized form accompanied by a notarial certificate or statutory declaration document, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.
- (II) No statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company comes to a decision to issue the replacement share certificate.
- (III) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board. The announcement shall be made at least once every 30 days in a period of 90 days.
- (IV) The Company shall, prior to the publication of its announcement of intention to issue a new share certificate, deliver to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a reply from such stock exchange confirming that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of 90 days.

In case an application to issue a replacement share certificate has been made without the consent of the registered shareholder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.

- (V) If, upon expiration of the 90-day period for the exhibition of an announcement referred to in Item (III) and (IV) of this Article, the Company has not received from any person any objection to the issuance of the replacement share certificate, the Company may issue the replacement share certificate to the applicant according to his application.
- (VI) Where the Company issues replacement share certificate under this Article, it shall forthwith cancel the original share certificate and enter the particulars relating to the cancellation and replacement in the register of members.
- (VII) All expenses relating to the cancellation of original share certificate and the issue of replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 48** Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registered as the owner of such shares (in case that he/she is a bona fide purchaser) shall not be removed from the register of members.

**Article 49** The Company shall not be liable for any damage sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement, unless the person concerned is able to prove that the Company has acted fraudulently.

## **CHAPTER 4 SHAREHOLDERS AND GENERAL MEETING**

### **Section 1 Shareholders**

**Article 50** The Company shall establish a register of shareholders in accordance with the laws, and the register of shareholders shall be conclusive evidence of the holding of shares of the Company by a shareholder. A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class of shares held. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

**Article 51** Holder of shares of the Company shall enjoy the following rights:

- (I) to receive dividends and other forms of distributions of benefits in proportion to their shareholdings;
- (II) to request, convene, preside over, attend or appoint a proxy to attend the general meeting according to the law, and exercise the corresponding voting right;
- (III) to supervise the operation of the Company, and to make proposals or enquiries in relation thereto;
- (IV) to transfer, donate or pledge shares in accordance with laws and administrative regulations and the provisions of these Articles of Association;

- (V) to receive information in accordance with provisions of these Articles of Association in Hong Kong, including:
- (1) these Articles of Association upon payment of the cost thereof;
  - (2) upon payment of reasonable charges, be entitled to inspect and copy:
    1. all of the register of shareholders;
    2. personal particulars of the directors, supervisors and senior management of the Company, including:
      - (a) present and former names and aliases;
      - (b) principal address (residence);
      - (c) nationality;
      - (d) full-time occupation and all other part-time occupations or positions;
      - (e) identification document and the number thereof.
  - (3) a report showing the status of the issued share capital of the Company;
  - (4) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose; the latest audited Financial Statements of the Company;
  - (5) the latest audited Financial Statements and the Directors', Auditors' and Supervisors' Reports of the Company;
  - (6) Stubs of corporate bonds, minutes of general meetings, which will only be available for inspection by the shareholders, special resolutions of general meetings, minutes of Board meetings, minutes of Board of Supervisors meetings;
  - (7) copy of the latest annual return submitted to China's State Administration for Industry and Commerce or other competent authorities.
- (VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (VII) to acquire shares held by shareholders who vote against the resolution proposed in the general meeting on the merger or division of the Company upon their request;
- (VIII) other rights conferred by laws, administrative regulations, departmental rules and these Articles of Association.

**Article 52** When shareholders request to inspect the relevant information or to obtain materials as mentioned in the preceding Article they shall provide the Company with written proof in relation to the class and number of shares of the Company held by them. The Company shall satisfy such requests upon verification of their identities as shareholders.

**Article 53** If a resolution passed at a general meeting or Board meeting of the Company violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to a people's court to render the same as invalid.

Where the procedures for convening or the means of voting at a general meeting or Board meeting violate the laws, administrative regulations or these Articles of Association, or the contents of a resolution violate these Articles of Association, shareholders shall be entitled to submit a petition to a people's court to rescind such resolutions within 60 days from the date on which such resolution is made.

**Article 54** Shareholders individually or jointly holding 1% or more of the Company's shares for 180 consecutive days or more shall have the right to request the Board of Supervisors in writing to bring a legal action in the People's Court against any director or senior management for loss of Company resulting from their violation of any laws, administrative regulations or provisions of these Articles of Association in the course of performing their duties; shareholders may request the board of directors in writing to bring a legal action against the Board of Supervisors for the loss of the Company resulting from their violation of any laws, administrative regulations or provisions of these Articles of Association in the course of performing the duties.

The shareholders described in the preceding paragraph may bring legal action in the People's Court directly in their own names in the interest of the Company in the event that the Board of Supervisors or the board of directors refuses to initiate legal proceedings after receiving the aforesaid written request of shareholders, or fails to initiate such legal proceedings within 30 days on which such request is received, or in case of emergency where failure to initiate such legal proceedings immediately will result in irreparable damage to the Company's interest.

Shareholders as referred to in the first paragraph of this article may also initiate legal proceedings in the People's Court under the provisions set out in the preceding two paragraphs if any third parties infringe on the lawful interests of the Company which caused damage to the Company.

**Article 55** Shareholders may initiate legal proceedings against any director or senior management for violation of any laws, administrative regulations or the provisions of these Articles of Association which has damaged the interests of shareholders.

**Article 56** Shareholders of the Company shall perform the following obligations:

- (I) to abide by laws, administrative regulations and these Articles of Association;
- (II) to pay share capital according to the number of shares subscribed and the method of subscription;
- (III) not to withdraw the shares unless required by the laws and regulations;

(IV) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;

Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for indemnity according to the law;

Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly liable for the debts owed by the Company.

(V) other obligations imposed by laws, administrative regulations and these Articles of Association.

**Article 57** Where a shareholder holding 5% or more of voting shares of the Company pledges any shares in his possession, he shall report the same to the Company in writing on the day on which he pledges his shares.

**Article 58** The controlling shareholders and beneficial controller of the Company shall not exploit their connected relationship with the Company to harm the interests of the Company. In the case of having violated such provision and caused damage to the company, they shall be liable for compensation.

The controlling shareholders of the Company and de facto controllers of the Company shall have fiduciary duties towards the Company and other shareholders of the Company. The controlling shareholders shall exercise their rights as investors strictly in accordance with the laws and shall not make use of profit distribution, assets restructuring, external investment, use of capital, loan and guarantee, etc., which may be prejudicial to the lawful rights of the Company and other shareholders. The controlling shareholders shall not use their privileged position to cause damage to the interests of the Company and other shareholders.

Save for the obligations required under the laws, administrative regulations or the Listing Rules of a stock exchange on which the shares of the Company are listed, in exercising its rights as a shareholder, a controlling shareholder shall not exercise his/her voting rights to make the following decisions which would prejudice the interests of all or part of the shareholders:

- (I) to exempt the directors or supervisors from the obligation to act in good faith in the best interests of the Company;
- (II) to authorise the directors or supervisors (in the interests of himself/herself or other persons) to deprive the Company in any manner of its properties, including but not limited to any opportunities beneficial to the Company;
- (III) to authorise the directors or supervisors (in the interests of himself/herself or other persons) to deprive the personal rights of other shareholders, including but not limited to any entitlement to distribution or voting rights but excluding a reorganization of the Company submitted to and passed at a shareholders' general meeting pursuant to these Articles of Association.

## Section 2 General Provisions on the General Meeting

**Article 59** The general meeting is the organ of authority of a company, which exercises the following functions and powers:

- (I) to determine the business policies and investment plans of the Company;
- (II) to appoint and replace directors, supervisors who are not employee representative and to decide on matters relating to the remuneration of directors, supervisors;
- (III) to consider and approve the report of the board of directors;
- (IV) to consider and approve the report of the Board of Supervisors;
- (V) to consider and approve the annual financial budgets and final accounts of the Company;
- (VI) to consider and approve the plans for profit distribution and making up of losses of the Company;
- (VII) to adopt resolutions relating to increase or reduction in the registered capital of the Company;
- (VIII) to adopt resolutions on matters such as merger, division, dissolution, liquidation or change of nature of the Company;
- (IX) to adopt resolutions on the issue of debentures by the Company;
- (X) to amend these Articles of Association;
- (XI) to adopt resolutions on the appointment, dismissal of the accounting firm of the Company;
- (XII) to consider and approve the provisions of guarantee which are required in these Articles of Association;
- (XIII) to consider and approve the purchase and sale of major assets exceeding 50 million or the value of which accumulated exceeding 10% of the total assets of the Company as shown in the latest audited financial statements of the Company;
- (XIV) to consider and approve the change of the use of proceeds from fund raising;
- (XV) to consider and approve the equity incentive scheme;
- (XVI) to consider and approve any motion put forward by shareholders representing in aggregate 3 % or more of the voting rights of the Company;
- (XVII) to consider and approve on other matters which, according to laws, administrative regulations, regulations of the authorities or these Articles of Association, need to be approved by shareholders in general meetings.



**Article 60** General meetings can be divided into annual general meeting (“AGM”) and extraordinary general meeting (“EGM”). Annual general meetings shall be held within six months after the end of the last accounting year, and the meeting shall be held on yearly basis.

**Article 61** The Company shall convene an EGM within two months after the occurrence of any one of the following events:

- (I) when the number of directors is less than the quorum prescribed by the Company Law or less than two thirds of the quorum required by the Articles of Association;
- (II) when the unrecovered loss of the Company is higher than one third of the total paid-up capital;
- (III) when shareholders individually or collectively holding 10% or more of the shares of the Company make a written request;
- (IV) when the Board consider it necessary;
- (V) when the Board of Supervisors propose to convene an extraordinary meeting; proposes to convene the same;
- (VI) Other circumstances stipulated by laws, administrative regulations and regulations of authorities or these Articles of Association.

**Article 62** The place for holding the Company’s general meeting shall be the registered office of the Company or other place as determined by the Board.

The general meeting shall be held in the form of on-site meeting. The Company will provide internet services or other methods such as communication means to help the shareholders to participate in the general meeting. Shareholders shall be deemed to have attended the general meeting by way of the aforesaid methods.

**Article 63** The Company shall engage lawyers to attend the general meeting and issue a legal opinion on the following issues:

- (I) whether the procedures relating to the convening and the holding of such meeting comply with laws, administrative regulations and these Articles of Association;
- (II) the legality and validity of the qualifications of the attendees and the convenor of the meeting;
- (III) the legality and validity of the voting procedures and voting results;
- (IV) legal opinions issued on other related matters as requested by the Company.



### Section 3 Convening of the General Meeting

**Article 64** The general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors.

**Article 65** The independent non-executive director has the right to propose the Board to convene extraordinary general meeting and such proposal shall be made in writing. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations and these Articles of Association.

If the Board agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after a resolution is reached. If the Board does not agree to convene such extraordinary general meeting, reasons shall be explained.

**Article 66** The Board of Supervisors has the right to propose the Board to convene extraordinary general meeting and such proposal shall be made in writing. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations, and these Articles of Association.

If the Board agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after a resolution is reached. Should there be alterations to the original requests in the notice, consent has to be obtained from the Board of Supervisors.

If the Board does not agree to convene the extraordinary general meeting or does not reply within ten days upon receiving the request, the Board will be considered as unable or refused to fulfill the obligation to convene general meetings and the Board of Supervisors may convene and preside over the meeting on its own initiative.

**Article 67** A shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the Company shall have the right to propose the Board to convene extraordinary general meetings and such proposal shall be made in writing. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations, and these Articles of Association.

If the Board agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after a resolution is reached. Should there be alterations to the original requests in the notice, consent has to be obtained from the relevant shareholders.

If the Board does not agree to convene the extraordinary general meeting or does not reply within ten days upon receiving the request, a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the Company shall have the right to propose the Board of Supervisors to convene an extraordinary general meeting by way of written request(s);

If the Board of Supervisors agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days upon receiving the request. Should there be alterations to the original requests in the notice, consent has to be obtained from the relevant shareholders.

If the Board of Supervisors does not issue notice of the general meeting within the specified period, it will be considered as not going to convene and preside over the general meeting, and shareholders individually or jointly holding 10% or more of the shares of the Company for 90 or more consecutive days shall have the right to convene and preside over the meeting on their own initiative.

**Article 68** If shareholders want to convene an extraordinary general meeting or class shareholders' meeting, the following procedure should be followed:

- (I) Two or more shareholders jointly holding 10% or more of the shares with voting right of the meeting to be held can sign one or several written request with the same form content, and to propose the Board to convene an extraordinary general meeting or class shareholders' meeting, and illuminate the issues of the meeting. Upon receiving the above-mentioned written request, the Board shall convene an extraordinary general meeting or class shareholders' meeting as soon as possible. Above-mentioned number of shares shall be calculated according to the date of written request made by shareholders.
- (II) If the Board fails to issue the notice to convene the meeting within 30 days after receiving above-mentioned written notice, the shareholders who made the request can call the meeting by themselves four months after the Board receiving their request. The procedure of calling the meeting shall be the same as the procedure for the Board to call a general meeting, to the largest extent.

If the meeting is called by shareholders as a result of the Board's failure to hold the meeting in accordance with above-mentioned requirements, reasonable expenses incurred shall be borne by the Company and deducted from the payments owned by the Company to negligent directors.

**Article 69** The Board of Supervisors or shareholders shall notify the Board in writing if they decide to convene the general meeting on their own initiative.

The shareholder(s) convening the general meeting must hold no less than 10% of shares in the Company before the resolution of such meeting is announced.

**Article 70** With regard to the general meeting convened by the Board of Supervisors or shareholders on their own initiative, the Board and the secretary to the Board shall provide assistance.

**Article 71** With regard to the general meeting convened by the Board of Supervisors or shareholders on their own initiative, the necessary expenses incurred in relation to the meeting shall be assumed by the Company.

## Section 4 Proposals and Notices of the General Meeting

**Article 72** The content of such proposals shall be within the scope of the terms of reference of a general meeting, and contains specific subjects and concrete matters for approval, and in accordance with the requirements of laws, administrative regulations and relevant requirements in these Articles of Association. A proposal to a general meeting must be submitted or delivered in writing to the Board.

**Article 73** When the Company holds a general meeting, the Board, the Board of Supervisors and shareholders who individually or jointly hold 3% or more of the shares of the Company are entitled to put forward a proposal to the Company.

Shareholders individually or jointly holding 3% or more of the shares of the Company can put forward a temporary proposal ten days before the general meeting is held and submit the proposal to the convener of the meeting. The convener shall issue a supplemental notice within two days upon receiving such proposals and notify shareholders of the temporary proposals.

Except for the circumstances prescribed in the preceding paragraph, the convener shall not change the proposals in the notice of the general meeting or add new proposals after sending the notice of the general meeting.

The general meeting shall not vote or resolve on proposals not contained in the notice of the general meeting or not in compliance with Article 72 of these Articles of Association.

**Article 74** When the Company convenes a general meeting, a notice shall be given 45 days before the date of the meeting (excluding the date of meeting) to all registered shareholders in respect of the matters to be considered at such meeting, the date and the place of the general meeting. Shareholders intending to attend the general meeting are required to send written confirmations of their attendance to the Company 20 days before the general meeting. For the purpose of the notice to be issued under this Article, the issuance date thereof shall be the date on which the Company or the share registrars appointed by the Company has delivered the notice to the postal office for posting.

**Article 75** Based on the written replies received 20 days before the date of the general meeting, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is half or more than half of the total number of the Company's voting shares, the Company may hold the general meeting. If not, the Company shall, within five days, inform the shareholders once again of the matters to be considered at and the date and place of the meeting in the form of a public announcement. After such notification by public announcement, the Company may hold the general meeting.

Extraordinary general meeting shall not decide matters that are not set out in the notice.

**Article 76** The notice of a general meeting shall satisfy the following requirements:

- (I) It shall be made in written form;
- (II) It shall specify the time, location and time limit of the meeting;
- (III) It shall set out the items and proposals to be reviewed at the meeting;
- (IV) It shall provide data and explanation needed by shareholders to make wise decisions for items to be discussed; this principle includes (but not limited to) specific conditions and contracts (if any) of proposed trade made by the Company to merger, repurchase of shares, reorganization of shares capital or other reorganizations; serious explanation for the causes and consequences shall be made;
- (V) If any director, supervisor, general manager and other senior management personnel has important interests with the items to be discussed, the nature and extent of the interests shall be disclosed. If the items to be discussed have different influence over that directors, supervisors, general manager and other senior management personnel as shareholders as compared with shareholders of other classes, the differences shall be explained;
- (VI) It shall set out the full text of the special resolution proposed at the meeting for approval;
- (VII) It shall specify with clear note: all shareholders are entitled to participate in the general meeting and authorize proxy in written form to attend the meeting and vote. Proxy of the shareholder does not have to be a shareholder of the Company;
- (VIII) It shall set out the time and place of the delivery of power of attorney;
- (IX) It shall set out the names and telephone numbers of the contact persons of the general meeting.

**Article 77** The notice of general meeting shall be sent to shareholders (whether the shareholders are entitled to vote in general meeting or not) by specially-assigned personnel or prepaid mail. The address of the recipient shall be based on the registered address in register of shareholders. For shareholders of Domestic Shares, the notice of general meeting can also be made by means of public announcement.

Announcement referred to in the preceding paragraph shall be published forty-five days to fifty days before the meeting is held in one or more newspapers designated by the securities competent authority of the State Council. Once the announcement is made, it shall be considered that all shareholders of Domestic Shares have been notified about the general meeting.

**Article 78** If the persons entitled to receive the notice are not notified due to negligence, or such persons have not received the notice for the meeting, the meeting and resolutions made at the meeting will not be invalidated.

**Article 79** In case the general meeting plans to discuss the election of directors and supervisors, the notice of the general meeting shall fully disclose the detailed information about the candidates for directors or supervisors, including at least the following particulars:

- (I) personal particulars such as educational background, work experience and other concurrent engagements;
- (II) whether there is any connected relationship with the Company or the controlling shareholders and de facto controller of the Company;
- (III) the number of shares held in the Company;
- (IV) whether one has been punished or reprimanded by relevant department;
- (V) information about the newly appointed, re-elected or transferred Directors or Supervisors that needs to be disclosed according to the Hong Kong Listing Rules.

Unless a director or supervisor is elected via the cumulative voting system, each candidate for director or supervisor shall be proposed via a single proposal.

**Article 80** After issuing a notice of general meeting, the general meeting shall not be delayed or canceled without justified reasons, and proposals listed in the notice shall not be called off. Once delay or cancellation occurs, the convener shall make announcement and explanation at least two working days before the original convening date.

## **Section 5 Holding of the General Meeting**

**Article 81** The Board or any other convener shall take necessary measures to ensure the proper order of the general meeting. The Board or any other convener shall take measures to stop any act disturbing the general meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall report such act to the relevant authority for investigation and treatment.

**Article 82** All shareholders or their proxies whose names are set out in the register of members are entitled to attend the general meeting and exercise their voting rights according to relative laws, regulations and these Articles of Association.

Shareholders may either attend the general meetings in person or appoint their proxies to attend and vote instead of them.

**Article 83** An individual shareholder who attends the general meeting in person shall produce his identification documents or other valid document or certificate which can prove his identity; Where a proxy is appointed to attend the meeting, the proxy shall produce his own identification documents and the proxy form.

Corporate shareholder should attend the meeting by its legal representatives or the proxy appointed by the legal representative. Legal representative who attends the meeting should produce his own identity card, valid certificates evidencing his capacity as a legal representative. While appointing proxy to attend the meeting, the proxy should produce his identity card and a written authorisation instrument produced by its legal representative of the shareholder representative.

If the shareholder is a recognized clearing house (or agent thereof) as defined in the relevant ordinance as enacted from time to time of Hong Kong, the said shareholder may authorize one or more persons as he deems appropriate to act on his behalf at any general meetings or class shareholders' meetings; however, one or more persons are thus authorized, the power of attorney shall specify the numbers and classes of shares involved by the said persons, The power of attorney shall be signed by an authorised person of the recognised clearing house. The person(s) so authorised can represent the recognised clearing house (or its agent) to attend the meeting and exercise its right as if the persons are individual shareholders of the Company, and shall not be required to produce evidence of shareholding, the notarised power of attorney and/or further evidence to prove that he/she/they has/have been duly authorised.

**Article 84** Any shareholder who has the right to attend general meeting and the right to vote can entrust one or more than one persons (whether such person is a shareholder or not) as his proxy to attend general meeting and to vote. The proxy has the right to exercise the following rights with the authorization of the shareholder:

- (I) the right to speak as shareholders in the general meeting;
- (II) the right to make the request on one's own or together with others to vote by poll;
- (III) unless otherwise stipulated by relevant laws, administrative regulations and relevant stipulations of securities supervision institution where the Company's shares are listed, the voting right can be exercised by raising hands or casting votes. But when more than one proxy has been appointed, the proxies only have the right to vote by poll.

**Article 85** A shareholder shall appoint the proxy in written form. The proxy letter issued by a shareholder to entrust a proxy to attend general meeting shall contain the following:

- (I) name of the proxy;
- (II) voting right of the proxy;
- (III) the instructions to vote in favor of, vote against each deliberation contained in the general meeting agenda or abstain from voting respectively;
- (IV) date and effective period of the proxy letter;
- (V) consignor's signature (or chop). If the consignor is the legal person Shareholder, the document shall be stamped with the corporate seal.



**Article 86** The proxy letter shall specify that in the absence of instructions from the shareholder, the proxy may vote as he/she thinks fit.

**Article 87** The power of attorney shall be placed at the domicile of the Company or other place specified in the notice of the meeting at least 24 hours before the relevant meeting of the voting for the power of attorney starts or 24 hours before the set time of voting. If the power of attorney is sign by other personnel authorized by consignor, the power of attorney or other authorization documents should be certified by a notary. The certificate of authorization or other authorization documents certified by a notary, together with the power of attorney appointing the proxy shall be placed at the domicile of the Company or other location specified in the notice of the meeting.

If the consignor is a legal person, the legal representative or any person authorized by resolutions of the Board or other decision-making institutions can attend the general meeting on behalf of the consignor.

**Article 88** The format of power of attorney appointing the proxy sent to shareholders by directors of the Company shall enable shareholders to freely instruct the authorized agent to vote for, against or abstain from voting, and separate instructions being given in respect of each matter to be voted at the meeting. If there is no instruction from the shareholders, the power of attorney shall specify that shareholder's proxy can vote according to his own will.

**Article 89** If the consigner has deceased, has been incapacitated, has withdrew the signed authorization or relevant shares has been transferred before the start of the voting in the meeting, as long as the Company has not received the written notice in respect of such matters before the beginning of the meeting, the vote made by the shareholder's proxy according to the power of attorney is still valid.

**Article 90** The meeting attendance lists shall be prepared by the Company. The register of names is to be set out, participants' (or entities) names, identity card numbers, addresses, shares held or represented carrying voting rights, the appointer's (or entities) names, etc.

**Article 91** The convener and the legal advisers retained by the Company shall verify the legal eligibility of the shareholders based on the register of shareholders provided by the foreign agency and shall register the name of the shareholders together with the numbers of shares with voting rights in their possession. Before the chairman of the meeting declares the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights in their possession, registration for the meeting shall be ended.

**Article 92** In convening a general meeting, all directors, supervisors and the secretary to the Board of the Company shall attend the meeting in person while the general manager and other senior management shall attend the meeting as non-voting participants.



**Article 93** General meeting shall be presided over by the chairman of the Board. Should the chairman is unable or fails to perform his duties, the meeting shall be presided over by a director elected by half or more members of the Board. If directors elected by half or more members of the Board fail to convene and preside over the general meeting, the general meeting shall be chaired by a shareholder co-elected by the shareholders attending the meeting. If the shareholder cannot chair the meeting due to any reason, the shareholder (or his proxy) present at the meeting who holds the highest number of voting rights shall chair the meeting.

The general meeting convened by the Board of Supervisors shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors cannot perform or fails to perform its duties, a supervisor shall be jointly elected by half or more of the supervisors to chair the meeting.

Shareholder(s) may convene the meeting themselves and a representative nominated by the convener(s) shall preside over the meeting.

When the general meeting is held and the chairman of the meeting violates the rules of the procedures of the general meeting which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the chairman of the meeting, subject to the approval of more than half of the shareholders having the voting rights who are present at the meeting.

**Article 94** The Company shall formulate rules of procedure for the general meetings defining the convening and voting procedures of the general meetings, covering notification, registration, consideration of proposal, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof, and the principle and contents of authorization of the Board on the general meetings. The rules of procedures for the general meeting are appendix to the Articles of Association and shall be formulated by the Board and approved on the general meetings.

**Article 95** The Board and the Board of Supervisors shall report their work in the preceding year at the annual general meeting. Every independent non-executive director shall also make his work reports.

**Article 96** Directors, supervisors and the senior management should respond and explain to the enquiries and advices of shareholders at the general meeting.

**Article 97** Chairman of the meeting should announce the number of shareholders and proxies present at the venue of the meeting and the total shares held by them with voting rights, and the number of shareholders and proxies present at the venue of meeting and the shares held by them with voting rights shall be the number recorded by the meeting.

**Article 98** The general meetings shall have minutes, which shall be recorded by the secretary of the Board. The minutes of the meeting shall specify:

(I) the date, venue and agenda of the meeting, and the name of the convener;

- (II) the names of the president, and the directors, supervisors, general manager and other senior management attending or present at the meeting;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of shares of the Company;
- (IV) the process of discussion in respect of each proposal, highlights of speeches and the voting result;
- (V) details of inquiries or suggestions of the shareholders, and the corresponding response or explanations;
- (VI) the names of the counting officer and monitoring officer;
- (VII) other contents that shall be recorded in the minutes in accordance with these Articles of Association.

**Article 99** The convener shall ensure the meeting minutes are true, accurate and complete. The attending directors, supervisors, secretary to the Board, convener or representative thereof, and chairman of the meeting shall sign the minutes of the meeting. The minutes of the meeting shall be kept for at least ten years together with the book of signatures of the shareholders present, the power of attorney of the attending proxies, votes and other valid information.

**Article 100** The convener shall ensure the general meeting is held continuously until final resolutions are arrived at. If the general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, immediate action shall be taken to resume the general meeting as soon as possible or directly terminate the general meeting.

## **Section 6 Voting and Resolutions of the General Meeting**

**Article 101** Resolutions of general meeting can be divided into ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting can only be approved with half or more of the votes of shareholders (including their proxies) who participate in the meeting.

A special resolution of a general meeting can only be approved with two thirds or more of the votes of shareholders (including their proxies) who participate in the meeting.

**Article 102** The following issues shall be approved by ordinary resolutions at a general meeting:

- (I) work reports of the Board and the Board of Supervisors;
- (II) profit distribution plan and plan for making up losses prepared by the Board;
- (III) appointment and removal of the members of the Board and the Board of Supervisors, their remunerations and the method of payment thereof;

- (IV) annual budget report, final accounting report, balance sheet, income statement and other financial statements of the Company;
- (V) others issues apart from those should be approved by special resolutions in accordance with the requirements of laws, administrative regulations, listing rules of the stock exchange in which the shares of the company are listed or provisions of these Articles of Association.

**Article 103** The following issues shall be approved by special resolution at a general meeting:

- (I) increasing or reducing share capital of the Company, and issuing shares of any class, warrants and other similar securities;
- (II) the issuance of corporate bonds;
- (III) division, merger, dissolution and liquidation of the Company;
- (IV) amendment of these Articles of Association;
- (V) the equity incentive scheme;
- (VI) other important issues prescribed in laws, administrative regulations or these Articles of Association and considered by the general meeting by means of ordinary resolution to be significantly influential to the Company and shall be approved by means of special resolution.

**Article 104** Shareholders (including their proxies) shall exercise voting power with the number of voting shares represented by them, and each share has one vote.

The Company's shares held by the Company do not have voting right, and such shares are not counted in the total number of shares that have voting power upon attendance at a general meeting.

The Board, independent non-executive directors and shareholders conforming to relevant prescribed conditions can call for Shareholders' voting rights.

**Article 105** For connected transactions to be considered at a general meeting, connected shareholders shall abstain from voting on such connected transactions, and the number of shares they represent carrying voting rights shall not be counted into the total number of shares with valid voting rights; the meeting minutes on resolutions passed at the general meeting shall fully disclose the voting of non-connected shareholders on the transactions.

**Article 106** Subject to the legality and validity of the general meeting, the Company shall provide convenience for the public shareholders' participation in the general meeting through various viable means.

**Article 107** Without a prior approval by way of special resolution is obtained in a general meeting, the Company shall not enter into any contract with any person other than the directors, general managers and other senior management whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person, save for special circumstances such as the Company is in a crisis.

**Article 108** List of candidate directors and supervisors shall be submitted in the form of proposals to the general meeting for vote.

When voting on the election of directors and supervisors, the general meeting may implement accumulative voting system according to these Articles of Association or the resolution of the shareholder's general meeting.

Accumulative voting system referred in the preceding paragraph means a system whereby each share, at voting to elect directors or supervisors at a general meeting, carries the number of voting rights equivalent to the number of the directors or supervisors to be elected, and a shareholder may concentrate his or her voting rights. The Board shall make public to the shareholders the resume and general information of directors and supervisors to be elected.

Methods and procedures to nominate directors or supervisors are as follows:

- (I) Director candidates shall be proposed by the Board within the number of candidates as set out in these Articles of Association, and shall be presented to the general meeting for election after approved by the Board; supervisors candidates who represent the Shareholders shall be proposed by the Board of Supervisors and shall be presented to the general meeting for election after approved by the Board.
- (II) Shareholders individually or jointly holding 3% or more of the total issued shares with voting right for 180 or more consecutive days of the Company may propose candidates for directors or supervisors who represent the shareholders to the Board, but the number of persons nominated shall comply with the provisions of the Articles of Association and shall not exceed the number of persons proposed to be elected.
- (III) An independent non-executive director candidate may be nominated by the Board, the Board of Supervisors, or shareholders separately or jointly holding 1% or more of the shares of the Company for 90 or more consecutive days, but the number of candidates proposed by such shareholders must comply with the provisions of these Articles of Association, and must not exceed the number of people to be selected. The party nominating any independent non-executive director candidate shall have obtained the nominee's consent prior to the nomination, and shall be fully aware of such particulars of the nominee such as his occupation, academic qualification, title, detailed work experience and information regarding all his part-time positions held concurrently and be responsible for providing to the Company his opinions in relation to the nominee's qualification as an independent non-executive director and independence. The nominee shall make a public announcement stating that there exists no relation between the Company and him that may affect his independent and objective judgment.

**Article 109** Apart from the cumulative voting system, the general meeting will vote on all resolutions individually. If one matter has different resolutions, they will be voted in the chronological order of the proposals being proposed. Except under special circumstances such as force majeure, leading to the suspension or inability to make resolutions at the general meeting, the general meeting shall not set aside the resolutions and leave the resolutions undecided.

**Article 110** No amendment shall be made on the proposals during its consideration at a general meeting. Any such amendments to a proposal shall be deemed as a new proposal and shall not be voted at the current general meeting.

**Article 111** At a general meeting, a resolution shall be decided on a show of hands unless a poll is demanded before or after a vote is carried out by a show of hands: (I) by the chairman of the meeting; (II) by at least two shareholders or by proxies who are entitled to vote at the meeting; (III) by one or more shareholders (including their proxies) separately or jointly representing 10% or more of all shares carrying the right to vote at the meeting. Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the recording of such in the minutes of meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against voting in such resolution. The demand for a poll may be withdrawn by the person who demands the same.

If a poll is demanded to elect a chairman, or to adjourn the meeting, it shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman of the meeting directs, and any other business may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

On a poll taken at a meeting, a shareholder (including his/her proxy) who shall be entitled to two or more votes need not cast all his votes in favour of or against the resolution.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

**Article 112** Two representatives of shareholders shall be elected to participate in counting and scrutinizing ballots before a general meeting puts a proposal to vote. Where a shareholder has conflict of interests to matters to be considered, relevant shareholders and their proxies must not participate in counting and scrutinizing ballots.

**Article 113** When a proposal is voted at a general meeting, shareholders' representatives and supervisors shall be responsible for counting and scrutinizing ballots and announce the voting results on the spot, which will be recorded in the minutes of the meeting.

**Article 114** The presider of the meeting shall announce the voting results on each proposal and whether the proposal is adopted based on the voting results.

Before the formal announcement of the voting results, the companies, tellers, scrutineers, substantial shareholders, and other relevant parties involved in the on-the-spot voting and other means of voting shall be under confidentiality obligation in relation to the voting.

**Article 115** Shareholders attending the general meeting shall submit their voting in the following ways: "for", "against" or "abstain".

Ballot papers that are left in blank, unduly completed or illegible or that have not been used, are deemed as void votes to mean that the voter has waived his/her rights, and the voting results corresponding to the shares in their possession shall be treated as “Abstain from voting”.

Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only in favor of (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted.

**Article 116** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

**Article 117** If votes are counted at a general meeting, the result of the count shall be recorded in the minutes. The minutes of meetings shall be kept at the Company’s place of residence together with the shareholders’ attendance lists and proxy forms for the Company’s records.

**Article 118** Copies of the minutes of meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests a copy of such minutes from the Company, the Company shall send a copy of such minutes to him/her within seven days after receipt of reasonable fees.

**Article 119** Any resolution of the general meeting shall indicate the number of shareholders and proxies present at the meeting, the total number of voting shares they hold and its proportion to the total voting shares of the Company, the means of voting, the voting results of each proposal as well as the details of each resolution adopted.

**Article 120** In the event a proposal is not adopted, or the general meeting makes any modification to any resolution adopted at the previous general meeting, a specific indication shall be made in the minutes of resolutions of the general meeting.

**Article 121** Where any proposal on the election of directors or supervisors is adopted at the general meeting, new directors or supervisors shall take their posts at the time of the close general meeting.

**Article 122** Should a general meeting pass proposals regarding cash distribution, bonus issue or transfer of surplus reserve into share capital, the specific proposals shall be implemented within two months after the close of the general meeting.



## Section 7 Special Procedures for Voting by Class Shareholders

**Article 123** Those shareholders who hold different classes of shares are class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and these Articles of Association.

**Article 124** Rights conferred on class shareholders may not be varied or cancelled save with the approval of a special resolution in a general meeting and by affected holders of shares of that class at a separate meeting conducted in accordance with Articles 126 to 130 hereof.

**Article 125** The following circumstances shall be deemed to be variation or cancellation of the rights attaching to a particular class of shares:

- (I) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having equal or better voting, distribution or other rights to those of shares of that class;
- (II) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
- (III) to remove or reduce rights to accrued dividends or to cumulative dividends attaching to shares of that class;
- (IV) to reduce or remove preferential rights attaching to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (V) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attaching to shares of that class;
- (VI) to remove or reduce rights to receive payment from the Company in specific currencies attaching to shares of that class;
- (VII) to create a new class of shares having equal or better voting, distribution rights or other privileges to those of the shares of that class;
- (VIII) to impose or increase restrictions on the transfer or ownership of shares of that class;
- (IX) to issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (X) to increase the rights or privileges of shares of another class;
- (XI) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;
- (XII) to vary or abrogate the provisions of this Section.



**Article 126** Affected class shareholders, whether or not otherwise having the right to vote at general meetings, have the right to vote at class shareholders' meetings in respect of matters concerning sub-paragraphs (II) to (VIII), (XI) and (XII) of Article 125 hereof, but interested shareholder(s) shall not be entitled to vote at such class shareholders' meetings.

Interested shareholder(s) means:

- (I) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of an on-market repurchase pursuant to Article 28, an interested shareholder is a controlling shareholder within the meaning of Article 250;
- (II) in the case of a repurchase of shares by an off-market agreement pursuant to the Article 28 hereof, a holder of the shares to which the proposed agreement relates;
- (III) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligations than the obligations imposed on other shareholders of the same class or who has an interest different from the interests of other shareholders of that class.

**Article 127** Resolutions of a class shareholders' meeting shall only be passed by votes representing two-thirds or more of the voting rights of shareholders of that class presented at the relevant meeting who, according to Article 126, are entitled to vote.

**Article 128** Written notice of a class shareholders' meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders 45 days before the date of the class shareholders' meeting. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class shareholders' meeting. Shareholders who intend to attend the class shareholders' meeting shall deliver their written reply in respect thereof to the Company 20 days before the date of the class shareholders' meeting.

If the shareholders who intend to attend such class shareholders' meeting represent half or more of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class shareholders' meeting; if not, the Company shall within five days give the shareholders further notice of the matters to be considered, the date and the place of the class shareholders' meeting by way of public announcement. The Company may then hold the class shareholders' meeting after such public announcement has been made.

**Article 129** Notice of class shareholders' meetings need only be served on shareholders entitled to vote at the meetings. Class shareholders' meetings shall be conducted in the same manner as general meetings, to the extent possible. The provisions of these Articles of Association relating to the manner for the conduct of the general meetings are also applicable to class shareholders' meeting.

**Article 130** Apart from the holders of other classes of shares, the holders of the Domestic Shares and holders of Overseas-listed Foreign-invested Shares shall be deemed to be holders of different classes of shares.

The special procedures for approval by a class of shareholders shall not apply in the following circumstances:

- (I) where the Company issues, upon the approval by special resolution in a general meeting, either separately or concurrently once every 12 months, no more than 20% of each of its outstanding Domestic Shares and Overseas-listed Foreign-invested Shares;
- (II) where the Company's plan to issue Domestic Shares and Overseas-listed Foreign-invested Shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authorities under the State Council;
- (III) where the shares held by shareholders of Domestic Shares of the Company become foreign shares and listed for trading in the overseas stock exchange with the approval of the securities regulatory authorities under the State Council.

## **CHAPTER 5 BOARD OF DIRECTORS**

### **Section 1 Directors**

**Article 131** Directors of the Company shall be natural persons and they are not required to hold any shares in the Company.

The election, appointment or engagement of directors shall be invalid if the election or appointment violates the requirements of these Articles of Association. The Company shall remove a director if any of the circumstances stated in Article 185 applies during his term of office.

**Article 132** Directors shall be elected or changed at the general meeting and each has a term of three years. Upon the expiry of the term of office of a director, the term is renewable upon re-election. The term of office of any independent director may not be renewed for more than six years. Prior to the maturity of his/her term, a director shall not be removed without reason from his/her office by a general meeting.

The term of office of a director shall commence from the date of appointment until the expiry of the current session of the board of directors. If the term of office of a director expires but re-election is not made, the original directors shall continue to perform their duties in accordance with the laws, administrative regulations, departmental rules and the provisions of these Articles of Association until a new director is elected and assumes office. Subject to such exceptions specified in the Articles of Association as the Hong Kong Stock Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates have a material interest nor shall he be counted in the quorum present at the meeting.

Directors may concurrently serve as general manager or other senior management, provided that the total number of directors who concurrently serve as general manager or other senior management, directors served by employees' representatives shall not exceed half of the total number of the Company's directors.

Representative of employees of the Company is eligible to be elected as a member of the board of directors, the employee representatives are elected from employees' general meeting, employee representatives' meeting, labor union or by other democratic manner join directly into the Board.

**Article 133** The directors are required to comply with the laws, administrative regulations and these Articles of Association, and to carry out their following duties in good faith and diligence:

- (I) not to make use of their powers to accept bribes or other unlawful income and appropriate the Company's properties;
- (II) not to misappropriate the Company's funds;
- (III) not to deposit the Company's assets or funds into accounts under their own names or the name of other individuals;
- (IV) not to lend the Company's funds to others or provide guarantees in favor of others with the Company properties as collaterals in violation of these Articles of Association or without the approval of the general meeting or board of directors;
- (V) not to enter into contracts or dealing with the Company in violation of these Articles of Association or without prior approval of general meeting;
- (VI) not to make use of their positions to procure business opportunities for themselves or others that shall have otherwise been available to the Company, or operate for their own benefit or managing on behalf of others businesses similar to those of the Company without approval of the general meeting;
- (VII) not to accept for their own benefits commission in any deal with the Company;
- (VIII) not to divulge without authorization confidential information of the Company;
- (IX) not to take advantage of their connected relationship to prejudice the interests of the Company;
- (X) to perform other fiduciary duties specified in the laws, administrative regulations, departmental rules and the Articles of Association.

Income generated by directors in violation of this Article shall be of the benefit of the Company. A director who incurs any loss to the Company shall be liable to the Company for compensation.

**Article 134** The directors shall comply with the laws, administrative regulations and these Articles of Association, and shall owe the following diligent duties to the Company:

- (I) exercising the rights conferred by the Company prudentially, carefully and diligently to ensure that commercial operations of the Company are conform with the laws, administrative regulations and various requirements of economic policies, and that commercial activities of the Company shall not exceed the scope of business specified in the business license;

- (II) treating all of the shareholders equally;
- (III) understanding the Company's business operation and management in a timely manner;
- (IV) providing relevant facts and information truthfully to the Board of Supervisors, and not hindering the Board of Supervisors or the supervisors from exercising their authorities;
- (V) other diligent duties specified in the laws, administrative regulations, department rules and the Articles of Association.

**Article 135** If a director fails to attend the meetings of the board of directors in person or fails to appoint any other director to attend on his/her behalf as his/her proxy for two consecutive times, he/she shall be deemed to be unable to perform his/her duties, and the board of directors shall propose to the general meeting to dismiss him.

**Article 136** A director may resign prior to the expiry of his/her term of service. When a director intends to resign, he/her shall submit a written resignation to the board of directors.

If the number of directors is less than the minimum number of directors required by law due to the resignation of a director, then such director shall continue to perform his/her duties in accordance with the laws, administrative regulations, department rules and these Articles of Association until a new director is elected and assumes his/her office.

Except the aforesaid circumstances, the resignation of a director shall become effective when the report of resignation is served to the board of directors.

Any director appointed by the Board to fill a casual vacancy or as an addition to the Board should expire at the next general meeting and he/she is eligible for re-election.

Where not otherwise provided by law, the Company in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his/her term of office.

The minimum length of period during which the notice of the intention to propose a person for election as director and the written notice by such candidate of his willingness to accept the nomination shall be given to the Company no less than seven days. The period for lodgment of the aforesaid notice(s) shall commence no earlier than the date after the dispatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such general meeting.

**Article 137** Directors shall complete all the handover procedures to the board of directors upon resignation or expiry of their term of office. The obligations of fidelity to the Company and shareholders shall not automatically discharge with the expiry of their terms of office and should survive after the expiry of their terms of office within one year.

**Article 138** A director may not act personally on behalf of the Company or the board of directors unless otherwise provided by these Articles of Association or legal authorization is granted by the board of directors. If such director acts personally and the third party may believe such director is acting on behalf of the Company or the board of directors, he/she shall declare his/her own position and identity in advance.

**Article 139** Directors who are in breach of laws, administrative regulations, department rules or these Articles of Association in the course of performing their duties shall be liable to compensate the Company for any loss so caused.

This Article shall concurrently apply to the general manager and senior management of the company.

**Article 140** The independent non-executive directors shall carry out responsibilities in accordance with relevant requirements of the laws, administrative regulations and department rules.

**Article 141** The Company shall conclude written contracts with each director and senior management, and such contracts shall include at least the following provisions:

- (I) directors or senior management warrant to the Company that they will observe the Company Law, the Special Provisions, the Hong Kong Listing Rules, these Articles of Association and other provisions established by the HKEX, and agree that the Company will enjoy the remedial actions set forth under these Articles of Association, and that such contract and its position shall not be transferred;
- (II) directors or senior management warrant to the Company that they will observe and perform their responsibilities owed to the shareholders specified in these Articles of Association; and
- (III) the arbitration article contained in Article 263 of these Articles of Association.

## **Section 2 Board of Directors**

**Article 142** The Board of the Company shall be established to report to the general meeting.

**Article 143** The Board shall consist of nine directors and one chairman, among which three are independent non-executive directors.

**Article 144** The board of directors shall be accountable to the general meeting and shall have the following duties and powers:

- (I) convening general meetings and presenting reports thereto;
- (II) implementing the resolutions made at the general meetings;
- (III) determining the Company's business and investment plans;
- (IV) working out the Company's annual financial budget plans and final account plans;

- (V) working out the Company's profit distribution plans and loss recovery plans;
- (VI) working out the Company's plans on the increase or reduction of registered capital, as well as on the issuance of shares, bonds or other securities and listing plans;
- (VII) formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the Company nature;
- (VIII) deciding on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc. of the Company within the scope authorized by the general meeting;
- (IX) deciding on the establishment of the Company's internal management departments;
- (X) deciding on the appointment or dismissal of general manager and the Board secretary of the Company; decide on the appointment or dismissal of the Board secretary and deputy general manager, chief accountant and other senior management personnel according to the nomination of Chairman of the Board and the general manager, respectively as well as their remuneration and incentives;
- (XI) formulating the Company's basic management system;
- (XII) formulating the plan for modification of these Articles of Association;
- (XIII) proposing the employment or replacement of the accounting firm which audits the Company's accounts to the general meeting;
- (XIV) hearing the manager's work report and check the general manager's work;
- (XV) checking any major transaction, very material disposal, very material acquisition and anti-acquisition action of the Company under the Hong Kong Listing Rules, and report to the general meeting for approval;
- (XVI) approving any transaction under the Hong Kong Listing Rules except those major transactions, very material disposal, very material acquisitions and anti-acquisition actions which must be published;
- (XVII) approving the connected transactions without the approval or announcement at the general meeting and under the Hong Kong Listing Rules;
- (XVIII) approving the connected transactions requiring the approval at the general meeting under the Hong Kong Listing Rules;
- (XIX) exercising other powers regulated in laws, regulations and the listing rules of the stock exchange where the Company's shares are listed and conferred by the general meeting and these Articles of Association.



**Article 145** The board of directors shall also be responsible for the followings:

- (I) implementing, reviewing and improving the corporate governance system and condition of the Company;
- (II) reviewing and supervising the training and continuing professional development of directors and senior management;
- (III) reviewing and supervising the compliance of the Company's policies with laws and relevant regulations of the securities regulatory authority where the shares are listed and making the relevant disclosure;
- (IV) formulating, reviewing and supervising the code of conduct and relevant compliance manual of employees and directors.

The board of directors shall be responsible for the aforementioned corporate governance functions. It may also delegate the duties to one or more of its special committees.

**Article 146** The Board of the Company shall explain to the general meeting any non-standard audit opinions issued by the certified public accountants on the Company's financial report.

**Article 147** The Board shall formulate the rules of procedures of the Board in order to ensure the Board to implement resolutions approved at general meeting of shareholders, to improve working efficiency, and to ensure scientific decision-making. The rules of procedure of the Board shall set out holding and voting procedures of the Board meeting. The rules of procedure of the Board shall be included in the Company's Articles of Association or attached to the Company's Articles of Association, which shall be drawn up by the Board and approved by the general meeting.

**Article 148** The Board shall determine the right relating to external investment, acquisition and disposal of assets, asset mortgage, external guarantees, consigned financial management and connected transactions, and shall establish strict examination and decision making procedure; and organize relevant experts and professionals to make assessments on material investment projects and submit them to the general meeting for approval.

The power of examination and approval of investment, guarantee, borrowing and other material events of the Company as follow:

- (I) investment (including equity interest investment to other company, enterprise and other legal person, but excluding establishment branch company)
  - (1) an individual investment amount reaching to or exceeding 10% of the latest audited net assets of the Company shall be subject to the consideration and approval of the general meeting of the Company;
  - (2) an individual investment amount less than 10% of the latest audited net assets of the Company shall be subject to the consideration and approval of the Board of the Company;

- (3) for the individual investment amount which is not amounted to 2% of the latest audited net asset of the Company, it will be considered and decided by the chairman, general manager and other senior management of the Company.

## (II) Guarantee

The following external guarantees provided by the Company shall be submitted to the general meeting for approval after the consideration and approval by the Board:

- (1) provision of a single guarantee the amount of which exceeds 10% of the latest audited net assets of the Company;
- (2) any provision of guarantee, where the total amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (3) provision of guarantee to anyone whose liability-asset ratio exceeds 70%;
- (4) guarantee fund exceeding 30% of the latest audited total assets of the Company for a consecutive period of twelve months;
- (5) guarantee fund exceeding 50% of the latest audited net assets of the Company and with an absolute amount of more than RMB30 million;
- (6) provision of guarantee to shareholders, de facto controllers and their connected parties;
- (7) other guarantee conditions as stipulated under the Articles of Association.

When a guarantee is raised for consideration and discussion at a board meeting, it shall be considered and approved by at least two-thirds of the directors attending the board meeting. The guarantee of connected person(s) should be regulated by the Hong Kong Listing Rules concurrently.

When the general meeting is considering a proposal to provide guarantee for any shareholder, de facto controller or connected persons, the said shareholder or the shareholders controlled by the said de facto controller shall be abstained from voting on the proposal, and the proposal shall be subject to approval by half or more of the voting rights of the other attending shareholders.

## (III) Borrowings

The Company may borrow from financial institutions or other persons due to its operation requirements.

- (1) loan in an individual borrowing amount exceeding RMB50 million and the asset-liability ratio of the Company exceeding 65% (including 65%) shall be subject to the consideration and approval of the Board.

- (2) loan in an individual borrowing amount not exceeding RMB50 million and the asset-liability ratio of the Company less than 65% shall be subject to the approval of the general manager of the Company.

The Company shall not provide loan to other company or enterprise, but may provide loan to its controlled subsidiaries in the manner as permitted by the law and regulation.

Aforementioned individual borrowing amount refer to the borrowing amount, credit line and maximum amount in a single borrowing contract, the general credit contract and maximum loan contract.

The review and approval permissions of the Company to dispose of any fixed assets set out as follow:

In respect of disposal of fixed assets, the Board of Directors shall not, without prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any disposal of fixed assets in the four months immediately preceding the proposed disposal exceeds 33% of the value of the Company's fixed assets as stated in the latest balance sheet approved by the general meeting. A Disposal of fixed assets includes the transfer of interest in certain assets but excludes the usage of fixed assets for provision of guarantee. The effectiveness of transaction of the Company's disposal of fixed assets will not be affected by a breach of the first paragraph of the Article.

**Article 149** The chairman shall be elected by more than half of all directors.

**Article 150** The chairman of the board of directors shall perform the following duties and powers:

- (I) to preside over general meetings and to convene and preside over board meetings;
- (II) to supervise and check the implementation of resolutions of Board;
- (III) to sign each documents related to the operation of Company as by the legal representative of the Company;
- (IV) other duties and powers as authorised by the Board.

**Article 151** If the chairman is unable or fails to perform his/her duties, a director shall be elected jointly by half or more of all directors to perform such duties.

**Article 152** The Board shall hold at least four regular meetings every year, which shall be convened by the chairman, with the notice of meeting sent in writing to all the directors and supervisors ten days in advance.

The writing notice referred in this Article shall include served by hand, post, facsimile and email etc.

**Article 153** Extraordinary board meetings may be convened upon proposal by shareholders representing at least one tenth of the total voting rights, by at least one third of the Board or Board of Supervisors. The chairman shall convene and preside over a board meeting within ten days after receipt of the proposal.

**Article 154** The notice on convening a provisional board meeting can be served by hand, post, facsimile, email and telephone; and shall be sent at least one to five days prior to the convening of an interim meeting of the Board.

However, upon unanimous agreement by all the directors, time of the notice on convening a provisional board meeting for any emergency shall not be subject to the aforesaid Article.

**Article 155** Notice of board meeting shall include:

- (I) time and venue of the meeting;
- (II) duration of the meeting;
- (III) reasons for and agenda of the meeting;
- (IV) the date of issue of such notice.

**Article 156** No board meeting shall be held unless more than half of the directors are present. Otherwise provided for in these Articles of Association, resolutions made by the board of directors must be approved by a majority of all the directors.

For the voting on a resolution of the Board, each director shall have one vote only. If pros and cons are equal, the chairman shall be entitled to an additional vote.

**Article 157** If any director has connection with the enterprise involved in the resolution made at a board meeting, the said director shall not vote on the said resolution for himself or on behalf of other director. The said board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the board meeting is less than three, the matter shall be submitted to the general meeting for consideration.

**Article 158** Resolutions of the board meetings shall be voted by show of hands. The written resolutions shall be signed and confirmed by directors and agreed with the content of resolution.

The extraordinary board meetings may be held and the resolution may be voted by facsimile on the basis that directors' opinions can be expressed adequately and shall be signed by directors. But the following material matters reviewed by the Board shall not be voted by facsimile or other communication means.

- (I) increase or reduction of capital register of the Company;
- (II) division, merger, dissolution and liquidation of the Company;

(III) amendments to these Articles of Association;

(IV) the equity incentive scheme.

**Article 159** The directors shall attend the board meeting in person; in the event that directors are unable to attend the meeting for some reason, the directors may appoint in writing other directors to attend the board meetings. The proxy letter shall specify the proxy's name, authorized matters, scope of authorization and the valid term, and shall be affixed with the signature or seal of the principal. The director who attends the meeting on behalf of another director shall exercise the right of the director within the scope of authorization. If any director fails to attend the meeting of the board of directors or authorize a proxy to be present on his/her behalf, such director shall be deemed to have waived his voting rights at that meeting.

**Article 160** Matters determined in a board meeting shall be recorded in minutes of meetings. Minutes of meetings shall be signed by directors attending such meetings. Directors attending the meeting shall have the right to request to record in the minutes details of the speech made by them at the meeting.

Directors shall be liable for board resolutions. If a board resolution is against the law, administrative rules or these Articles of Association and resolutions of the general meetings, which causes the Company to suffer any loss, the directors who participate in voting shall assume the liability to compensate the Company; directors who have been proved as having expressed dissenting opinions on the resolution during the voting as recorded in the minutes of meeting shall be exempted from liability.

The minutes of the board meeting shall be kept as the Company's files for a period of not less than ten years.

**Article 161** The minutes of the Board meeting shall include the following:

- (I) date and place of the meeting and the name of the convener;
- (II) names of the directors attending the meeting and names of the directors (proxies) appointed by others to attend the board meeting;
- (III) agenda of the meeting;
- (IV) main points of the speeches of the directors;
- (V) method and results of the voting for each proposal (the voting results shall state the numbers of votes for or against the proposal or abstention).

## **CHAPTER 6 GENERAL MANAGER AND OTHER SENIOR MANAGEMENT**

**Article 162** The Company shall have one general manager, who shall be appointed or dismissed by the board of directors.

The Company shall appoint certain deputy general managers, one chief accountant, one secretary of the Board, one chief safety director and one chief machinist according to the requirements of the Company, and senior management shall be appointed and dismissed by the Board. The Board shall engage in other senior management as necessary.

**Article 163** The Company's general manager, deputy general manager, chief accountant, the secretary of the Board, chief machinist, chief safety director are the senior management officers of the Company.

**Article 164** The circumstances hereof with respect to disqualified directors of the Company are applicable to senior management of the Company.

Requirements hereof with respect to the directors' obligations of integrity and diligence shall also be applicable to the senior management.

**Article 165** The controlling shareholders of the Company and actual controllers who hold positions other than directors shall not serve as a member of the Company's senior management.

**Article 166** The term of the general manager is usually three years; the general manager may serve consecutive terms if reappointed.

**Article 167** The general manager is accountable to the Board and exercises the duties below:

- (I) to take charge of the production operations and management tasks and organize the implementation of the Board's resolution, and to report his/her work to the Board;
- (II) to organize the implementation of the Company's annual operating plan and investment plan;
- (III) to devise the set-up of the Company's internal management structure;
- (IV) to devise the basic management policy of the Company;
- (V) to formulate the basic rules of the Company;
- (VI) to propose the appointment or dismissal of the deputy general manager, chief accountant, chief machinist, chief safety director and other senior management;
- (VII) to appoint or dismiss management personnel, aside from those requiring the Board in approving their appointment or dismissal;
- (VIII) other duties as granted by the Company's Articles of Association and the Board.

General manager shall attend board meetings.

**Article 168** The general manager shall formulate detailed working rules for the manager and submit the same to the Board for approval and, upon such approval, implement such rules.



**Article 169** The detailed working rules formulated for the manager shall include the following:

- (I) conditions and procedures for convening and participants of the general manager's meetings;
- (II) specific duties of the general manager and other senior management;
- (III) the use of funds and assets of the Company, authority to enter into material contracts and systems for reporting to the Board and Board of Supervisors;
- (IV) other matters as deemed necessary by the Board.

**Article 170** The general manager may resign prior to the expiration of his/her term of office. The detailed procedures for the general manager's resignation shall set out in the service contract entered into between the general manager and the Company.

**Article 171** The Company shall have a secretary to the Board. The office of the secretary of the Board shall be held by a natural person with necessary professional knowledge and experience, who shall be appointed by the Board. The major duties of the secretary of the Board are:

- (I) to keep the Company's organizational documents and records intact;
- (II) to ensure the Company prepares and delivers such reports and documents as required by competent authorities in compliance with laws;
- (III) to ensure the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;

**Article 172** A director or other senior management of the Company may concurrently serve as the secretary to the Board. No accountant of the accounting firm engaged by the Company shall concurrently serve as the secretary to the Board.

Where a director concurrently serves as the secretary to the Board and a certain act needs to be done by directors and the secretary to the Board respectively, he/she shall not do the act in his double capacities.

**Article 173** The senior management shall be liable for any losses caused to the Company by their breach of any law, administrative regulations, department rules or these Articles of Association in performing their duties.

# CHAPTER 7 BOARD OF SUPERVISORS

## Section 1 Supervisors

**Article 174** Circumstances prohibiting any person serving as a director as stipulated in these Articles of Association shall be applicable to supervisors.

The directors, general manager and other senior management shall not act as supervisors concurrently.

**Article 175** The Company shall conclude written contracts with each supervisor, and such contracts shall include at least the following provisions:

(I) the supervisors undertake to the Company that they will abide by the Company Law, the Special Provisions, Hong Kong Listing Rules, these Articles of Association and other provisions established by the HKEX, and agrees that the Company will enjoy the remedial actions set forth under these Articles of Association, and that such contract and its position shall not be transferred; (II) supervisor undertakes to the Company that he or she will abide by and perform they responsibilities owed to the shareholders specified in these Articles of Association; and (III) the arbitration article contained in Article 263 of these Articles of Association.

**Article 176** Supervisors shall abide by the laws, administrative regulations and these Articles of Association, owe fiduciary duties and due diligence duties to the Company. They shall not use the authority to take bribes or solicit other illegal incomes, and never encroach upon the Company property.

**Article 177** The term of office of a supervisor shall be three years. A supervisor may take another term if he/she is re-elected after the expiration of his/her term.

**Article 178** If the re-election is not conducted in time after the term of a supervisor expires or the resignation of the supervisor causes the members of the Board of Supervisors to fall short of the quorum, the supervisor shall still perform the supervisor's duty in line with the laws, administrative regulations and these Articles of Association until the new supervisor takes office.

**Article 179** Supervisors may attend the board meeting as non-voting participants, and question or make recommendations on the resolutions to be passed by the Board.

**Article 180** Supervisors shall not use their connections to prejudice the interest of the Company. If any loss is thus incurred by the Company, they shall be held liable.

**Article 181** If a supervisor violates the laws, administrative regulations, department rules or these Articles of Association in the performance of their duties in the Company and incurs a loss to the Company, he/she shall be held liable.

## Section 2 Board of Supervisors

**Article 182** The Company shall have a Board of Supervisors. The Board of Supervisors shall consist of five Supervisors and one chairman. The appointment and dismissal of the chairman shall be voted and adopted by more than two thirds (including two thirds) of the members of the Board of Supervisors.

The Board of Supervisors shall consist of shareholders' representatives and appropriate proportion of employee representatives of the Company. The proportion of staff representatives shall not be less than one third. The supervisor who is not an employee's representative shall be elected and removed by the general meeting. The employee's representative shall be democratically elected and removed by the employees of the Company.

**Article 183** Board of Supervisors shall perform the following duties:

- (I) to review the reports prepared by the Board and to comment in writing;
- (II) to inspect the financial status of the Company;
- (III) to supervise the performance of duties by the directors, senior management, and propose to remove directors and senior management who have violated the laws, administrative regulations, these Articles of Association or resolutions of the general meeting;
- (IV) to require the directors and senior management to correct the conduct of the directors, senior management officers that may harm the interest of the Company;
- (V) to propose to hold an extraordinary general meeting, and convene and preside over the general meeting when the Board is unable to fulfill its duty to convene and preside over the general meeting specified by the Company Law;
- (VI) to submit proposals to the general meeting;
- (VII) to take legal action against the directors, other senior management according to Rule 151 of the Company Law;
- (VIII) to conduct an investigation when finding irregularities in the operation of the Company. Professional organizations including accounting firms and law firms may be engaged when necessary, with the relevant costs to be borne by the Company;

**Article 184** General meeting of the Board of Supervisors shall be held at least once every six months. Meetings of the Board of Supervisors shall be convened and presided over by the chairman of the Board of Supervisors. A supervisor may propose to hold an extraordinary meeting of the Board of Supervisors. If the chairman of the Board of Supervisors is unable to or fails to perform such duties, half or more of the supervisors shall jointly recommend a supervisor, who shall convene and preside over the meetings.

A resolution made by the Board of Supervisors shall be voted and adopted by more than two thirds (including two thirds) of the members of the Board of Supervisors. The notice on a meeting of the Board of Supervisors or extraordinary meeting of the Board of Supervisors shall be served by hands, post, fax, email and telephone. The notice shall be notified or served one to five days before convening the meeting of the Board of Supervisors or extraordinary meeting of the Board of Supervisors.

**Article 185** The Board of Supervisors shall formulate the rules of procedure for the Board of Supervisors which specifies method of discussion and voting procedure of the Board of Supervisors, to ensure the working efficiency and scientific decision-making of the Board of Supervisors.

Rules of procedure for Board of Supervisors shall be drafted by the copy and approved by the general meeting and is attached as an appendix to these Articles of Association.

**Article 186** The Board of Supervisors shall record the decisions made on the issues discussed at the meeting in the minutes, which shall be signed by the supervisors present at the meeting.

Any Supervisor shall have the right to have certain explanatory note entered into the minutes regarding his/her statements at the meeting. The minutes of the Board of Supervisors shall be saved in the archives of the Company for a period of ten years.

**Article 187** The notice of the meeting of the Board of Supervisors shall include the following:

- (I) date, venue and duration of the meeting;
- (II) purposes and topics;
- (III) date of notice.

## **CHAPTER 8 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OF THE COMPANY**

**Article 188** A person may not serve as a director, supervisor, the general manger or the senior management of the Company if any of the following circumstances applies:

- (I) a person without legal or with restricted legal capacity;
- (II) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;

- (III) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date the completion of the insolvency and liquidation of the company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years has elapsed since the date of the revocation of the business license;
- (V) a person who has a relatively large amount of debts due and outstanding;
- (VI) a person who is under criminal investigation by a judicial organization for violation of the criminal law where said investigation is not yet concluded;
- (VII) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (VIII) a non-natural person;
- (IX) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction.

**Article 189** The validity of anything done by the directors, general manager and other senior management of the Company representing the Company to a third party acting in good faith shall not be impaired by any non-compliance of such directors, general manager and other senior management officers in respect to their appointment, election or qualification.

**Article 190** In addition to the obligations required by the laws, administrative regulations or listing rules of the stock exchange of the region where the Company shares are listed, the directors, supervisors, general manager and other senior management of the Company shall also undertake the following obligations to each shareholder when performing the duties and authorities granted by the Company:

- (I) not to cause the Company to go beyond its business scope as specified in its business licenses;
- (II) to act in good faith to maximize the interests of the Company;
- (III) not to deprive the property of the Company in whatever form, including (but not limited to) the opportunities in favor of the Company;
- (IV) not to deprive the personal rights and interests of the shareholders, including (but not limited to) the right of distribution and voting right, but excluding the Company reorganization proposal submitted to the general meeting in line with these Articles of Association.

**Article 191** The directors, supervisors, general manager and other senior management of the Company shall do as they are expected with the prudence, diligence and skills that are demonstrated by a person of reason and prudence under a similar situation in the performance of their rights or duties.

**Article 192** When performing their duties, the directors, supervisors, general manager and other senior management of the Company shall observe the principles of honesty and integrity, and shall not put themselves in a situation where their personal interests may conflict with their obligations. This principle includes (but not limited to) the performance of the following obligations:

- (I) to act in good faith to maximize the interests of the Company;
- (II) to exercise their authority within the scope specified and not to exceed their authority;
- (III) to exercise the right of discretion available to them in person, and refuse to be manipulated by others; and never transfer their right of discretion to others, unless permitted by the laws and administrative regulations or agreed by the informed of shareholders in general meeting;
- (IV) to treat shareholders of the same category equally, and treat shareholders of different categories fairly;
- (V) not to sign any contract, deal or make any arrangements with the Company, unless otherwise specified by these Articles of Association, or approved by the informed of shareholders in general meeting;
- (VI) not to use the Company's property in whatever form to seek personal interests for themselves, unless otherwise allowed by the informed of shareholders in general meeting;
- (VII) not to use the authority to take bribes or solicit other illegal incomes, and never encroach upon the Company property in whatever form, including (but not limited to) the opportunity in favor of the Company;
- (VIII) not to accept commissions related to the dealings of the Company, unless otherwise agreed by the informed of shareholders in general meeting;
- (IX) to observe these Articles of Association, to perform the roles loyally, to safeguard the interests of the Company, and not to use their position and authority in the Company to seek private gains;
- (X) not to compete against the Company in any way, unless otherwise agreed by the informed of shareholders in general meeting;
- (XI) not to embezzle the Company's funds or make loans to others out of the funds of the Company, not to deposit the assets of the Company in an account opened under their personal names or any other names, and not to use assets of the Company as security for loans to shareholders of the Company or others;



(XII) not to disclose any confidential information of the Company obtained during their term, nor use such information for any purpose other than for the interests of the Company, unless otherwise agreed by the informed of shareholders in general meeting.

Nevertheless, such information may be disclosed to the court or other competent government authority in the following cases:

- (I) disclosure is required by the laws;
- (II) there is a duty to the public to disclose;
- (III) it is in the personal interests of such director, supervisor, general manager and other senior management to require disclosure.

**Article 193** The directors, supervisors, general manager and other senior management of the Company shall not incite the following persons or institutions (hereafter referred to as “related persons”) to do such things as such director, supervisor, general manager and other senior management is prohibited from doing:

- (I) spouses or minor children of the directors, supervisors, general manager and other senior management of the Company;
- (II) the trustees of directors, supervisors, general manager and other senior management of the Company or any persons as described in paragraph (I) above;
- (III) the partner of directors, supervisors, general manager and other senior management of the Company or any persons as set forth under paragraphs (I) and (II) above;
- (IV) a company controlled de facto by the directors, supervisors, general manager or other senior management of the Company alone or jointly with the persons named in paragraphs (I), (II) and (III) above or other directors, supervisors, general manager and other senior management of the Company has a de facto controlling interest;
- (V) The directors, supervisors, general manager and other senior management of the controlled company as described in paragraph (IV) above.

**Article 194** The fiduciary duty of a director, supervisor, general manager and other senior management of the Company does not necessarily cease upon the termination of his tenure of office. The obligation of confidence in relation to the trade secrets of the Company shall survive after the termination of his tenure. Other obligations may continue for such period as to be determined under the principle of fairness, depending on the time lapse between the acts concerned and the termination and the circumstances and the conditions under which the relationship with the Company terminated.

**Article 195** Except as provided in Article 58 of the Articles of Association, directors, supervisors, general manager and other senior management of the Company may be exempted from liabilities for specific breach of duties with informed consent by the general meeting.

**Article 196** Where the directors, supervisors, general manager and other senior management of the Company have a major interest, directly or indirectly, in the contract, deal or arrangement already ongoing or proposed to be executed by the Company (except the employment contracts between the Company and the directors, supervisors, general manager and other senior management), they shall disclose to the board of directors as soon as possible why and how they are relevant thereto, no matter the relevant issue require the approval from the board of directors or not.

Except pursuant to provisions in paragraph 4(1) of the Appendix 3 to the Hong Kong Listing Rules or otherwise exempted by the Hong Kong Stock Exchange, directors do not have the right to vote on the contracts, transaction or arrangements or other proposals in which he/she or his/her close associates (refer to the definition in applicable securities listing rules from time to time) has material interest. The concerned director shall not be counted in the quorum of a meeting.

Exceptions permitted by the Hong Kong Stock Exchange include:

- (I) (1) provide any pledge or indemnity to the director or his/her associate(s) in respect of money lent to the Company or any of its subsidiaries or obligations incurred or undertaken by him/her or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or (2) provide any pledge or indemnity to a third party by the Company or any of its subsidiaries in respect of its debt or obligation for which the director or his associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (II) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the director or his/her associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (III) any proposal made by any other company in which the director or his/her associate(s) is/ are interested, whether directly or indirectly (as an officer or executive or shareholder); or any proposal made by any other company in which the director or his/her associate(s) is/are beneficially interested in shares of that company, provided that such director and any of his/ her associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his/her interest or that of his/her associates is derived) or of the voting rights;
- (IV) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries, including:
  - (1) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his/her associate(s) may benefit; or
  - (2) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any director, or his/her associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (V) any contract or arrangement in which the director or his/her associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/her/their interest in shares or debentures or other securities of the Company.

Unless the connected director, supervisor, general manager or other senior management of the Company has disclosed his/her connection to the Board in accordance with the preceding paragraph of the Articles of Association and the above matter has been approved by the Board at a meeting in which the connected director, supervisor or senior management is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement is voidable by the Company except against a bona fide third party who is unaware of the facts about the breach of duty on the part of the said directors, supervisors, general manager and other senior management.

If the related persons of the directors, supervisors, general manager and other senior management of the Company have related interests in a contract, deal or arrangement, the relevant directors, supervisors, general manager and other senior management shall also be considered as having an interest therein.

**Article 197** If, prior to the Company beginning to consider signing a contract, deal or making an arrangement, a director, supervisor, general manager or other senior management of the Company notifies the board of directors in writing, stating that such contract, deal or arrangement to be executed by the Company in the future would be relevant to him due to the contents contained in the notice, he/she shall be deemed to have made the disclosure specified in the previous Article of this Chapter to the extent of the scope stated in the notice.

**Article 198** The Company shall in no way whatsoever pay taxes for its directors, supervisors, general manager and other senior management officers.

**Article 199** The Company shall not provide loans or loan guarantees directly or indirectly to the directors, supervisors, general manager and other senior management of the Company and its parent company, or to the related persons of the aforesaid persons.

The preceding provision shall not apply to the following cases:

- (I) the Company provides loans or loan guarantees for subsidiaries;
- (II) the Company provides loans, loan guarantees or other funds for the Directors, Supervisors, General manager and other senior management according to the employment contract approved by the general meeting so that they may pay the expenses incurred for the purpose of the Company or for the performance of their duties;
- (III) if the normal business scope of the Company includes provision of loans and loan guarantees, the Company may provide loans, loan guarantees to concerned directors, supervisors, general manager and other senior management as well as their related persons, provided only that these are based on the general commercial terms.

**Article 200** If the Company provides a loan in violation of the previous Article, the recipient of the loan shall be immediately returned, regardless of the terms by which it was granted.

**Article 201** A loan guarantee provided by the Company in breach of provision under paragraph (I) of Article 196 shall be unenforceable against the Company, except under the following circumstances:

- (I) the lender is not informed when offering loans to related persons of the directors, supervisors, general manager and other senior management of the Company or its parent company;
- (II) the collateral provided by the Company has been sold by the borrower legally to a bona fide buyer.

**Article 202** The guarantee as described in the preceding articles of this Chapter shall include an undertaking by the guarantor or property provided to secure the performance of obligations by the obligor.

**Article 203** When the directors, supervisors, general manager and other senior management of the Company breach their obligations to the Company, the Company shall have the right to take the following measures in addition to the various rights and remedies provided by the laws and administrative regulations:

- (I) to require relevant directors, supervisors, general manager and other senior management to compensate the loss incurred by the Company on account of their delinquency;
- (II) to rescind any contract or deal executed by the Company with relevant directors, supervisors, general manager and other senior management as well as any contract or deal concluded by the Company with a third person (when such third person clearly knows or is reasonably expected to know of the breach of obligations by the Directors, Supervisors, General manager and other senior management officers representing the Company);
- (III) to require directors, supervisors, general manager and other senior management to give up the income obtained as a result of the breach of their obligations;
- (IV) to recover the money received by relevant directors, supervisors, general manager and other senior management that should have been received by the Company, including (but not limit to) commissions;
- (V) to require relevant directors, supervisors, general manager and other senior management to return the interests earned or possibly earned on the money that should have been paid to the Company.

**Article 204** The Company shall establish written contracts on remunerations of the directors and supervisors of the Company, and such contracts shall be approved by the general meeting in advance. The aforesaid remunerations shall include:

- (I) remunerations for being the directors, supervisors or senior management of the Company;
- (II) remunerations for being the directors, supervisors or senior management of subsidiaries of the Company;

(III) remunerations for other services rendered for the management of the Company and its subsidiaries;

(IV) compensation paid to relevant directors or supervisors for the loss of positions or retirement.

Except for the aforesaid contract, the directors and supervisors shall not take a legal action against the Company over the interests they shall obtain because of the aforesaid issues.

**Article 205** There shall be a provision in a contract made between the Company and a director or supervisor in respect of their remuneration that the director or the supervisor shall, with the prior approval of the shareholders in the general meeting, be entitled to payment by way of compensation for loss of office or other amounts as consideration for his retirement from office in connection with the takeover of the Company. The takeover of the Company as described in the previous paragraph refers to any one of the following:

(I) a takeover offer made to all shareholders by any person; or

(II) a takeover offer made by any person with a view to the offeror of becoming the controlling shareholder. The definition of controlling shareholder shall be the same as the one defined in the Article 264 of these Articles of Association. If a relevant director or supervisor fails to observe this Article, then any amount he/she receives shall be owned by those persons who accept the takeover offer and sell their shares, and such director or supervisor shall pay the expenses arising out of the distribution of such amount in proportion, and such expenses shall not be deducted out of such amount.

## **CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

### **Section 1 Financial and Accounting System**

**Article 206** The Company shall establish a financial and accounting system in line with the laws, administrative regulations and provisions of accounting standard of the PRC stipulated by the finance supervisory department of the State Council.

**Article 207** The Company shall prepare a financial report at the end of each accounting year, and such financial report shall be reviewed and verified according to the laws.

**Article 208** The Board of the Company shall, at each annual general meeting, submit to the shareholders the financial reports that shall be prepared by the Company under relevant laws, administrative regulations and regulatory documents promulgated by the regional governments and departments in charge.

**Article 209** The financial report of the Company shall be kept at the Company and shall be made available to the shareholders at least 20 days before the annual general meeting is held. Each shareholder of the Company shall have the right to obtain the financial report mentioned in this Chapter.

The Company shall send a copy of the said reports or the report of directors together with the balance sheet (including all documents required to be annexed to the balance sheet according to the relevant regulations), the income statement or profit or loss statement or a summary of the financial report to each shareholder of Overseas-listed Foreign-invested Shares in person and by pre-paid post at least 21 days prior to the convening of the annual general meeting at the address appearing on the register of shareholders. Subject to the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, the notice of the meeting may also be given by way of public announcement (including publishing on the website of the Company).

**Article 210** The financial statement of the Company shall be prepared in line with the accounting standards, laws and regulations of China, the Company shall also follow the international accounting standards or the accounting standards of the listing region while preparing the financial statement. If there is any significant discrepancy between the financial statements prepared in accordance with two accounting standards, such discrepancy shall be specified in the notes on the financial statements. When the Company distributes the post-tax profit in an accounting year, the smaller post-tax profit in the aforesaid two financial statements shall prevail.

**Article 211** The interim results or financial information published or disclosed by the Company shall be prepared according to the Chinese accounting standards, laws and regulations, and also in line with the international accounting standards or the accounting standards observed in the overseas listing region.

**Article 212** The Company shall publish the financial report twice each accounting year, namely, publish the interim financial report within 60 days after the end of the first 6 months of the accounting year, and publish the annual financial report within 120 days after the end of the accounting year.

**Article 213** The Company shall not maintain a separate accounts book except the one required by law. The assets of the Company shall not be deposited in any account opened under a personal name.

**Article 214** The capital reserve includes the amounts named below:

- (I) premium obtained from the share issuance at a price higher than the face value;
- (II) other incomes that shall be listed in the capital reserves according to the provisions of the finance administration authority of the State Council.

**Article 215** The Company shall, when distributing the post-tax profit of an accounting year, accrue 10% of the profit to list it in the legal reserves of the Company. The Company may not further accrue the legal reserves when its accumulative amount represents 50% or more of the registered capital of the Company.

When the legal reserves of the Company falls short to offset the loss of prior years, the Company shall use the profit earned during the year to offset the loss before accruing the legal reserves according to the previous paragraph.



After accruing the legal reserves out of the post-tax profit, the Company may, subject to the resolution of the general meeting, accrue the free reserve out of the post-tax profit.

Subject to the resolution of the general meeting, the post-tax profit left after the loss recovery and accrual of the reserves shall be distributed in proportion according to the shareholding proportions of the shareholders.

If the shareholders' general meeting breaches the preceding paragraph by distributing the profit to the shareholders before the loss recovery and accrual of the legal reserves, the shareholders shall return to the Company the profit distributed in violation of the law.

The company shares held by the Company shall not participate in the profit distribution.

**Article 216** The reserves of the Company are used to offset the losses of the Company, expand business scale or bolster registered capital. Nevertheless, the capital reserves will not be used to offset the losses of the Company.

When the legal reserve is converted into registered capital, the remaining amount of such reserve shall not be less than 25% of the registered capital of the Company before the conversion.

**Article 217** After a resolution on the profit distribution plan is made at the general meeting, the board of directors of the Company shall complete the distribution of the dividend (or shares) within two months after the said meeting.

**Article 218** The Company may distribute its profit in the form of cash or in other ways as permitted by the laws. The profit distribution policy of the Company shall maintain consistent and stable in the form of cash or shares. The implementation of Company's profit distribution policy shall be observe the following rules:

- (I) The profit distribution of the Company shall focus on providing shareholders with reasonable investment return, and the Company shall maintain the continuity and stability of the profit distribution policy as much as possible.
- (II) The Company may distribute its profit in the form of cash, shares, and may distribute interim profit. In the event of distributing the dividends to shareholders of the Company, the payable taxes on the dividend incomes of the shareholders shall be withdrawn in accordance with the relevant requirements of law and regulations.
- (III) Amendments to the profit distribution policy on the basis of the Company's production and operation conditions, investment plan or long-term development needs shall not contravene relevant requirements imposed by the CSRC and stock exchange. The proposal for the amendments to the Company's profits distribution policy shall seek approval from the general meeting after being reviewed by the Board.

**Article 219** Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a subsequent dividend declaration.

**Article 220** The Company shall appoint receiving agents in Hong Kong on behalf of the holders of Overseas-listed Foreign-invested Shares to receive and keep on behalf of the relevant shareholders the dividends distributed by the Company in respect of Overseas-listed Foreign-invested Shares and other payables, and make payment to such shareholders.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place where the Company's shares are listed or the relevant regulations of the stock exchange.

The receiving agents appointed by the Company for holders of foreign shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws, regulations and requirements of the Hong Kong Stock Exchange, the Company may exercise the right to confiscate unclaimed dividends, but such right shall be exercised only after the applicable time expires.

## **Section 2 Internal Audit**

**Article 221** The Company shall have an internal audit system, arrange special auditors, and conduct the internal audit supervision of the financial incomes and expenditures and economic activities of the Company.

**Article 222** The internal audit system of the Company and the responsibilities of auditors shall be implemented upon the approval of the Board. The principal of the audit department shall be responsible and report to the Board.

## **Section 3 Engagement of Accounting Firms**

**Article 223** The Company shall engage a firm that has the "qualification to engage in securities related business" to audit and review the Financial Statements of the Company, verify the net assets and offer other consulting services.

**Article 224** The engagement of an accounting firm by the Company shall be decided by the general meeting, and the board of director shall not engage an accounting firm before any resolution made by the general meeting.

The term of the accounting firm engaged by the Company shall commence when the current annual general meeting finishes and end when next annual general meeting concludes.

**Article 225** The general meeting may dismiss any accounting firm through an ordinary resolution before the term of such accounting firm expires, regardless of the contract made by the Company with such accounting firm. If the relevant accounting firm enjoys the right to claim compensation from the Company because of the disengagement, the relevant rights shall not be influenced by this provision.

**Article 226** The accounting firm engaged by the Company shall enjoy the following rights:

- (I) to have the access to the books, records or vouchers of the Company at any time, and have the right to require the directors, general manager or other senior management officers of the Company to provide relevant materials and statements;
- (II) to require the Company to take every reasonable measure to obtain the materials and statements of the subsidiaries necessary for the accounting firm to perform its duties;
- (III) to attend the general meeting, obtain the meeting notices any shareholder is entitled to and other information related to the meeting, and address any general meeting over the issues concerning the accounting firm.

**Article 227** The Company guarantees that the accounting evidence, accounting books, financial report and other accounting information provided to the accounting firm engaged are true and complete without refusal, withholding or false information.

**Article 228** The auditing fee of the accounting firm shall be determined by the general meeting.

**Article 229** When the Company dismisses or disengages the accounting firm, it shall notify the accounting firm 30 days in advance. The accounting firm shall be given the opportunity to state their opinion during the voting of resolutions to dismiss the accounting firm at the general meeting of the Company.

When the accounting firm requests to resign from the position, the accounting firm shall explain to the general meeting whether there is anything inappropriate with the Company.

**Article 230** The general meeting shall observe the following rules when engaging a candidate accounting firm not in position now to fill any vacancy of the position of the accounting firm, or re-engage an accounting firm who was appointed by the Board to fill a casual vacancy, or dismiss an accounting firm whose term has not yet expired:

- (I) the proposal on engagement or disengagement shall be sent to the accounting firm proposed for engagement or proposed for departure, or the accounting firm that has departed within the accounting year, before the meeting notice of the general meeting is distributed. Departure includes disengagement, resignation and termination of the term.
- (II) if the accounting firm about to depart from the position makes a written statement and requires the Company to furnish such statement to the shareholders, the Company shall take the following measures, unless the Company receives such written statement too late:
  - (1) specify the accounting firm about to depart from the position has made the statement on the notice distributed to make a resolution; and
  - (2) distribute the duplicate of the statement as an appendix to the notice in the manner specified in these Articles of Association.

- (III) If the Company fails to distribute the statement of the accounting firm as specified in paragraph (II) of this Article, the accounting firm may require the statement to be read out at the general meeting and further appeal.
- (IV) the accounting firm that has departed from the position shall have the right to participate in the following meetings:
- (1) the general meeting for which the term of the accounting firm shall expire;
  - (2) the general meeting that incurs a vacancy because of the dismissal of the accounting firm;
  - (3) The general meeting convened because of the active resignation of the accounting firm.

The accounting firm that has left the office shall have the right to receive all the notices or other information related to the aforesaid meetings, and to address such meetings over the issues concerning itself as the former accounting firm of the Company.

**Article 231** The accounting firm may resign from the position by submitting a written notice of resignation to the registered address of the Company. The notice shall take effect on the date on which it is submitted to the legal address of the Company or such later date as may be specified in the notice. Such notice shall include the following statements:

- (I) the statement that its resignation does not involve any situation that shall be stated to the shareholders or creditors of the Company; or
- (II) statement on any situation that shall be stated.

The Company shall deliver a copy of the notice to the relevant competent authorities within 14 days after receipt of such notice. If the notice contains the statement mentioned in (II) under the this Article, the Company shall keep a duplicate of such statement in the Company and make it available to the shareholders. The Company shall also send a duplicate of such statement to each shareholder who has the right to receive the financial report of the Company through mail with prepaid postage to the addresses registered in the list of shareholders.

**Article 232** If the notice of resignation of the accounting firm contains the statement referred in (II) of Article 231, the accounting firm may require the Board to hold an extraordinary general meeting to hear the explanation about relevant situations concerning its resignation.

## **CHAPTER 10 NOTICES**

**Article 233** The notices of the Company shall be delivered by the following means:

- (I) by hand;
- (II) by letter (including ordinary mail, registered mail and express delivery service);
- (III) by facsimile;

(IV) by mail;

(V) by other means stipulated in these Articles of Association.

**Article 234** For any notice delivered by hand, the addressee shall sign or seal with chop on the receipt slip and the date of delivery shall be the date of the confirmation of receipt by such addressee. For any notice delivered by letter, the date of delivery shall be the third working day upon the delivery to the post office. For any notice delivered by fax, the date of delivery shall be the record date of fax. For any notice delivered by e-mail, the date of delivery shall be the date of sending. For any notice delivered by phone, the date of delivery shall be the record date of call.

**Article 235** The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at such meeting.

**Article 236** Where power is taken to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

**Article 237** Where power is taken to sell the shares of a member who is untraceable it will not be exercised unless:

- (I) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (II) on expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Stock Exchange of such intention.

**Article 238** Unless otherwise specified in these Articles of Association, for notice issued by the Company to the holders of Overseas-listed Foreign-invested Shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange electronic publishing system for immediate release on the website of the Hong Kong Stock Exchange in accordance with the rules of the listing place. The announcement shall also be published on the Company's website at the same time. In addition, the notice shall be delivered to each of the registered addresses as set forth in the register of shareholders of Overseas-listed Foreign-invested Shares by personal delivery or postage paid mail, so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

Holders of the Company's Overseas-listed Foreign-invested Shares may elect in writing to receive the corporate communication that the Company is required to send to shareholders either by electronic means or by post, and may also elect to receive either the English or Chinese version only, or both the English and Chinese versions. They shall have the right to change their choices as to the manner of receiving the same and the language at any time by reasonable prior written notice to the Company in accordance with applicable procedures.

**Article 239** All notices or any other documents of the Company to be submitted to the Hong Kong Stock Exchange according to Chapter 13 of the Hong Kong Listing Rules shall either be written in English or accompanied by a signed and certified English translation.

**Article 240** For any notice delivered by hand, the addressee shall sign or seal with chop on the receipt slip and the date of delivery shall be the date of the confirmation of receipt by such addressee. When a notice is delivered by mail, it shall be having been delivered to the extent that the envelope is properly addressed, the postage is prepaid, the notice is contained in the envelope and the envelope which contains the notice is put into the postbox. The notice shall be deemed as having received 48 hours upon the delivery. For any notice delivered by announcement, the date of delivery shall be the first day on which such announcement is published. For any notice delivered by fax or email, the date of delivery shall be the date of sending or publishing.

**Article 241** Notwithstanding the aforesaid provision which specifies providing and/or dispatching written corporate communication to shareholders, for the purpose of the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Hong Kong Listing Rules, if the Company has obtained shareholders' prior written consent or deemed consent according to the relevant laws and regulations and relevant requirements of the Hong Kong Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication includes but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders' general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules. Where power is taken to give notice by advertisement, such advertisement may be published in the newspapers. And there is no restrictions on announcement to the shareholders whose registered addresses are outside Hong Kong.

## **CHAPTER 11 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

### **Section 1 Merger, Division, Capital Increase and Capital Reduction**

**Article 242** Merger of the Company may take place by absorption or by the establishment of a new company.

Absorption means a company absorbs another company and the absorbed company will be dissolved. Otherwise, two or more companies will combine together for the establishment of a new company, and the original companies will be dissolved.

**Article 243** In the event of merger or division of the Company, a plan shall be proposed by the Board and shall be approved in accordance with the procedures stipulated in these Articles of Association and the relevant examining and approving formalities shall be carried out as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders.



For holders of Overseas-listed Foreign-invested Shares of the companies listed in Hong Kong, the aforesaid document shall be despatched by mail or other means specified by these Articles of Association.

**Article 244** In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days as of the date of the Company's resolution on merger and shall make newspaper announcement within 30 days as of the date of the Company's resolution on merger. Creditors may, within 30 days after receipt of such notice from the Company, or within 45 days as of the date of the announcement for those who do not receive such notice, to demand that the Company repay their debts or provide a corresponding guarantee for such debts.

**Article 245** Upon merger, the credits and liabilities of each of the merged parties shall be assumed by the surviving party or the newly established company.

**Article 246** Where there is a division of the Company, its assets shall be divided accordingly.

The parties to the division shall prepare their balance sheet and inventory of assets. The Company shall notify its creditors within ten days of the date of the division resolution and shall publish an announcement on provincial press for information disclosure within 30 days of the date of the division resolution.

**Article 247** Unless a written agreement has been entered into by the Company and its creditors in relation to the repayment of debts before division, liabilities of the Company prior to the division shall be jointly assumed by surviving companies after division.

**Article 248** Where the Company needs to reduce its registered capital, it shall prepare balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of the resolution for reduction of capital and shall publish an announcement on provincial press for information disclosure within ten days from the date of such resolution. A creditor has the right within 30 days of receipt of the notice or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement, to demand the Company to repay its debts or to provide a guarantee for such debt.

The registered capital of the Company after reduction shall not be less than the statutory minimum amount.

**Article 249** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law; when the Company dissolves, the Company shall finish its deregistration in accordance with the law; when a new company is established, its establishment shall be registered in accordance with the law.

The Company shall go through the formality of changes in respect of any increase or decrease in its registered capital with the relevant company registration authorities.

## Section 2 Dissolution and Liquidation

**Article 250** The Company shall be dissolved due to any of the following reasons:

- (I) the term of operation expires, or any dissolution events as stipulated in these Articles of Association occur;
- (II) a resolution for dissolution is passed at a general meeting;
- (III) dissolution as a result of a merger or division of the Company;
- (IV) the business license of the Company is revoked, or the Company is ordered to close down or revoked in accordance with laws;
- (V) Shareholders holding 10% or more of all the voting rights of the Company applies to the People's court for dissolution when the Company experiences severe difficulties in its operations and management and continual operation of the Company will bring significant losses to the interest of Shareholders while there are no other ways to resolve the difficulties.

**Article 251** In the event that the situation described in item (I) of Article 250 in these Articles of Association occurs, the Company may continue its operation through amending these Articles of Association.

Amendments to these Articles of Association pursuant to the preceding article shall be passed by two-thirds or more of the voting rights held by the shareholders present at a general meeting.

**Article 252** A liquidation committee shall be set up within 15 days of the Company being dissolved pursuant to items (I), (II), (IV) and (V) of Article 250 in these Articles of Association. The composition of the liquidation committee of the Company shall be determined by the Board or by a general meeting. If the Company fails to set up the liquidation committee within the period, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

**Article 253** During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) to verify the assets of the Company, prepare a balance sheet and an inventory of assets;
- (II) to notify the creditors or to publish public announcements;
- (III) to handle any unfinished businesses of the Company in relation to the liquidation;
- (IV) to pay all outstanding taxes and taxes incurred in the process of liquidation;
- (V) to settle claim and debts;
- (VI) to deal with the surplus assets remaining after the debts of the Company have been repaid;

(VII) to represent the Company in any civil proceedings.

**Article 254** The liquidation committee shall inform the creditors within ten days of its establishment and an announcement shall be published on provincial newspaper for information disclosure within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors shall provide explanation for the relevant matters and evidence of the claims upon declaration of such claims. The liquidation team shall carry out registration of the creditors' claims.

The liquidation team shall not make any repayment to the creditors during the period of declaration of claims.

**Article 255** After the liquidation committee has cleared the assets of the Company and prepared a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a general meeting or to the People's Court for confirmation.

The assets of the Company shall settle liquidation expenses, remuneration, social security and statutory compensation payable to employees, as well as tax payable remaining assets of the Company after payment respectively, the Company shall distribute to its shareholders according to the proportion of shares held.

During the liquidation, the Company remains subsisting but may not commence any business activities not related to the liquidation. The assets of the Company shall not be distributed to shareholders before repayments have been made pursuant to the preceding article.

**Article 256** If after verifying the assets of the Company and preparing a balance sheet and an inventory of assets, the liquidation committee finds that the assets of the Company are insufficient to repay the debts of the Company in full, it shall immediately apply to the People's Court for a declaration of insolvency.

After the Company is declared insolvent by the People's Court, the liquidation of the Company shall be taken up by the People's Court.

**Article 257** Upon completion of liquidation, the liquidation committee shall prepare a liquidation report, submit them to a general meeting of or the People's Court for confirmation, and submit to the company registration authority for cancellation of the Company's registration and announce the termination of the Company.

**Article 258** The members of the liquidation committee shall perform their duties with due diligence and in accordance with the laws.

The members of the liquidation committee shall not exploit their position to accept bribes or other illegal income or expropriate the property of the Company in any way.

The members of the liquidation committee shall be liable to compensate the Company or creditors for any loss caused intentionally or by material default.

**Article 259** In the event that the Company is legally declared insolvent, insolvent liquidation shall be carried out pursuant to the relevant regulations on enterprise insolvency.

## **CHAPTER 12 AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Article 260** Amendments shall be made to these Articles of Association by the Company in any of the following circumstances:

- (I) where after any change in the Company Law or the relevant law and administrative regulations, there is conflict between the provisions under these Articles of Association and those under the revised versions of the Company Law, the relevant laws and administrative regulations;
- (II) where there is any change to the Company which is different from the statements as set out in the Company's Articles of Association;
- (III) upon resolution of a general meeting to make any amendment to these Articles of Association.

**Article 261** The amendments to these Articles of Association as adopted by resolution of the general meeting which should be approved by competent authorities shall be submitted to the approval competent authorities for approval. Amendment of these Articles of Association involving the contents of the Mandatory Provisions shall become effective upon receipt of approval from the companies examining and approving department authorized by the State Council and the China Securities Regulatory Commission. Amendment of the Company's Articles of Association involving changes in the particulars of registration of the Company shall be made through a change in registration in accordance with laws.

**Article 262** The Board shall amend these Articles of Association in accordance with the resolution to amend the Company's Articles of Association passed at the general meeting and the review opinions from the relevant competent authorities.

## **CHAPTER 13 DISPUTE RESOLUTIONS**

**Article 263** Unless otherwise provided in these Articles of Association, the Company shall abide by the following principles for dispute resolution:

- (I) For any disputes or claims arising between holders of the Overseas-listed Foreign-invested Shares and the Company, or between holders of the Overseas-listed Foreign-invested Shares and the directors, supervisors, general manager or other senior management of the Company; or between holders of the Overseas-listed Foreign-invested Shares and holders of domestic shares, in respect of any rights or obligations under these Articles of Association, or any rights or obligations conferred or imposed by relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred above is referred to arbitration, the entire claim or dispute must be referred to arbitration and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall agree with the arbitration if such person is the Company, the shareholders, directors, supervisors, general manager or other senior management of the Company.

Disputes in respect of the identification of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

- (II) A claimant may elect to refer the same for arbitration to either the China International Economic and Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant refers the same for arbitration to Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (III) If any disputes or claims of rights are settled by way of arbitration in accordance with item (I), the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.
- (IV) The award of an arbitral body shall be final and conclusive and binding on all parties.
- (V) The arbitration agreement shall be reached by directors or senior management and the Company which represents both itself and each of the shareholders.
- (VI) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct a public hearing and announce its verdict.

## CHAPTER 14 SUPPLEMENTARY

### Article 264 Definitions

- (I) Controlling Shareholder refers to any person(including holders of Depository Receipts) who is a group or persons (including any holders of Depository Receipts) who are together entitled to exercise or control the exercise of 30% (or such other percentage as may from time to time be specified in the Code of Takeovers, as being the level for triggering a mandatory general offer) or more of the voting power of general meeting of the Company or who is or are in a position to control the composition of a majority of the Board of the Company.
- (II) Actual controller refers to anyone (even though not a shareholder of the Company) who can actually control the actions of the Company through investment relationships, agreements or any other arrangements.

(III) Connected relationship shall have the meaning ascribed to it under the Listing Rules of the Hong Kong Stock Exchange.

These Articles of Association are written in Chinese. Where versions in other languages or different versions have different interpretations or meanings, the latest verified Chinese version registered in Xinjiang Uygur Autonomous Region Administration of Industry and Commerce shall prevail.

**Article 265** The expressions of “or more”, “within”, “below” shall include the figures mentioned whilst the expressions of “short of”, “without”, “less than” and “more than” shall not include the figures mentioned.

**Article 266** The interpretation of these Articles of Association shall be vested to the Board of the Company.

**Article 267** Upon consideration and approval by the general meeting, these Articles of Association shall take effect from the date of listing of the Company on the Hong Kong Stock Exchange.

XINTE ENERGY CO., LTD.  
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